FINANCIAL TIMES

No. 27,624 Monday July 31 1978 ** 15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Delays cause airports chaos

The work-to-rule by French air traffic controllers has caused chaos and long delays at airports throughout Western Europe and the Mediterranean. In the UK, travellers waited for up to 24 hours for their flights.

At Orly Airport, Paris, several airlines asked for police protection after desk staff were mobbed by angry holiday makers.

The controllers, who are demanding higher pay, better working conditions and the right to strike, are to meet on Wednesday to review their action. The French Government has not yet made any move towards meeting the controllers' demands, nor to open negotiations.

Delays are likely to become even longer as a result of the controllers' decision last night to allow only one flight per hour to leave on any flight route. Back Page

Aquamart offer

The future of the Guernsey cruise and supermarket ship Aquamart will be decided today by the Belgian Government. If Belgium does not accept an offer to charge partial payment of VAT for goods sold on the ship, the Aquamart experiment will either end or have to find new [illegible]. Back and Page 22

Sun talks

The Advisory, Conciliation and Arbitration Service will try today to settle the journalists' pay dispute at the Sun, which has caused loss of seven consecutive issues. Page 5

Compromise

The [illegible] nations' conference in Belgrade ended with a final declaration condemning [illegible] but avoiding the central issue of Cuban and French military intervention in Africa. Page 2

Lebanon move

Lebanese army units will head for southern Lebanon today to establish State authority and security in the region bordering Israel. Beirut Radio said the deployment of regular troops was designed to solve the problem of [illegible] army officers who cooperated with Israeli forces in fighting between Christian militias and Palestinian-Leftist groups. Page 2

Balloon rescue

A French trawler rescued the two British balloonists who splashed down about 100 miles from the French coast after failing to make the first manned, unpowered flight across the Atlantic.

Tin economy

Cornwall's Stannary Parliament is offering motorists £1 bonds in Cornish tin mines. The Parliament says that Royal Charters exempt Cornish tinners from [illegible] taxation.

Briefly . . .

£50,000 weekly premium bond prize won by Hertfordshire holder of bond 9PK 955163.

Murder squad detectives are inquiring into the death of one prisoner and the injury of another at Wakefield top security jail.

Labour MP Mr. John Lee says that trials involving racial issues should be heard by six white jurors and six coloured jurors.

Dr. John Mackintosh, the Labour MP for Berwick and East Lothian, died yesterday. Page 4

South Yemen will have a general election in November—its first since independence in 1967.

Pope Paul has been declared an honorary pilot by the Italian Air Force.

Two tons of hydrochloric acid were lost into the sea when an American ship carrying 800 tonnes of the acid sank in Bombay dock.

BUSINESS

Industry 'well short of a boom'

● MANY BUSINESSMEN are still cautious about the extent of the upturn in economic activity and the immediate prospects of improvement.

This will be highlighted tomorrow when the CBI's quarterly survey of industrial trends is published, showing little change in business confidence. Industry has been reporting only a gradual improvement in orders.

At the same time the London Chamber of Commerce and Industry reports that the economic upturn remains uneven and falls well short of boom conditions. Back and Page 4

● SCHEMES to provide State support in the financing of small companies are now under consideration in Whitehall. One involves a system of Government guarantees for clearing bank loans and has been under consideration by the Roll Committee since April.

The other scheme, aimed at deploying a fixed amount of Government money to improve small companies' working capital, came from Mr. Harold Lever, the Cabinet Minister with special responsibility for small firms' policies. Back Page

● ECONOMIC expansion sought by the Government will be difficult to achieve because of its own contraints on domestic credit expansion, the Midland Bank has warned in its latest quarterly review. Page 4

● TUC AGENDA for September shows that Congress will have its work cut out to reconcile deep union resentment against further Government wage curb with the need for pre-election unity. Page 5

● AUEW general secretary has criticised the Government for insisting that pay differentials among craft workers be redressed within the 5 per cent band set for Phase Four of incomes policy. Page 5

● TRANSPORT MINISTER is expected to make a Commons statement this week on the future of the London docks. At the same time Mr. Rodgers is preparing to publish the findings of an official inquiry into motorway petrol prices and catering standards. Page 5; the future for London's East End, Page 10

Six workers for BSC Board

● SIX shop stewards have been appointed to the Board of BSC by the Industry Secretary, in a move which may be seen as a pre-election sweetener for the steel communities. Back Page

● TUC employment policy and organisation committee has urged that ACAS should no longer be involved in union recognition matters. Page 5

● BRITISH INSTITUTE of Management survey shows that managers of today are more motivated by responsibility and a challenging job than by prospects of higher salary. Page 4

● AIRSHIPS filled with helium and capable of lifting heavy equipment may be built in the Isle of Man, if talks between Skyships, the company, and the island's government are successful. Page 5

● CONSTRUCTION site waste is costing industry at least £300m a year according to an Institute of Building survey. Page 4

● TEXAS International Airlines, which has made ana impressive recovery from near-bankruptcy six years ago, is bidding for National Airlines, one of the world's top 25 carriers with a capitalisation of about $225m. Page 24

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FEATURES

For latest Share Index 'phone 01-246 8026

Alfred Herbert spends £10m aid in three months

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

The £10m cash injection given by the Government to Alfred Herbert, the State-owned company which is one of Britain's biggest machine-tool manufacturers just three months ago has already been spent, largely to meet outstanding debts such as a £1.5m tax bill.

The company has warned the National Enterprise Board, its main shareholder, that without corrective action the £5m overdraft facility at the bank will also be consumed before the end of the year.

However, the corrective measures will themselves put pressure on the company's already strained cash resources.

The cost of making redundant the 720 workers whom the company has already announced must go is put at between £2m and £2.5m.

Industrial action which disrupted distribution of Herbert products would cause further substantial losses.

The company is believed to be negotiating an additional short-term loan with its bankers for up to £8.5m. Such a facility is seen merely as a safeguard to cover any purely temporary problems.

Sir John Buckley, the Alfred Herbert chairman, has declared many times in public that he would not borrow money to finance losses. He is likely to take a similarly tough line on the level of redundancy payments.

Alfred Herbert has achieved some success in recent weeks in stemming the cash outflow which in the early months of the year was assuming crisis importance.

The cause of the problems is the company's poor sales performance in the first six months of the year and the consequent build-up of stocks and work in progress.

The company has been the most notable victim of weak demand for machine-tools, but much of the industry is still working at only about 75 per cent capacity.

Alfred Herbert continued to manufacture for stock throughout 1977 to maintain employment and be ready for the expected upturn in the market. The recovery has not come, and stocks of finished machines stand at about £7m.

The interest burden on the stock is onerous. The company took up the full £5m facility extended to it by the NEB under a Government scheme to enable the industry to stockpile machines. More than £2m was borrowed from the private sector.

The company had drawn its £5m overdraft to the limit when the Government provided much-needed relief in April by creation of £10m of new equity capital. But within about two months the Government money had been used.

In addition to clearing the overdraft, about £1.5m went to Customs and Excise and the Inland Revenue to pay off value added tax and pay-as-you-earn income tax contributions.

The NEB was owed £1.2m interest on the stockpile borrowings, and a £1.5m loan from the Finance Corporation for Industry was repaid.

The company is again eating into its overdraft, but more than £1m has been raised in cash in the past two months.

The more commonplace machine-tools in stock have been offered throughout industry at a discount in return for immediate cash payment. Purchasers have mostly been small engineering companies.

The problem of stock and work in progress is being tackled from both ends through intensified sales efforts and reduction of bought-in materials and components.

New bid to halt spiral decline, Page 19

Occidental defers building Canvey Island refinery

BY SUE CAMERON

THE U.S.-BASED Occidental Petroleum group is to defer indefinitely the building of its new oil refinery at Canvey Island, Essex.

The group is also likely to close its Belgian refinery at Antwerp. The net effect of the two moves is that Occidental will stop all its European oil refining operations—at least for the foreseeable future.

The group said yesterday that delays in planning permission and related cost increases, were the main reasons for the postponement of the Canvey Island project.

Occidental originally obtained approval to build the refinery in 1971 following a public inquiry, but work was halted in 1975.

This was because the company wanted to add further units to the refinery to obtain a higher proportion of lighter products, such as petrol and chemical feedstocks, from the crude oil.

But planning permission for the extra units was held up while the Health and Safety Executive completed a two-year inquiry into safety standards in and around Canvey. Its report, giving the go-ahead to further refinery development on Canvey Island subject to additional safety measures, was finally published last month.

The Occidental refinery project roused strong local opposition on Canvey and the group evidently fears further delays in obtaining planning permission for the extra units it wants.

"As a result of delays in obtaining necessary approvals and continuing deterioration in the value of the dollar, the outlook for conversion of heavier oils into gasoline has become much less favourable," the company said.

"Likely further delays in obtaining necessary approvals for constsruction have increased the risks of further escalation in costs."

Occidental stressed that it had not actually withdrawn its planning application for the extra refining units, although it could do so "following further discussions with appropriate officials and our assessment of the likelihood of proceeding in the foreseable future."

The company was "not backing out of Canvey" altogether, but was merely "deferring further engineering and construction work until we perceive a change in the outlook for refining investments."

Occidental's Belgian refinery, run by its subsidiary, Raffinerie Belge de Petroles, has made no profit for some time and in the first six months of this year, it was running at only 30 per cent of full capacity.

The Occidental Board has therefore recommended that the refinery be shut down, unless "conditions improve dramatically in the near future."

But Occidental holds out little hope of such an improvement.

Occidental has written down the book value of its European refining investments by approximately $122m (£63.5m).

The $5.6m book value of the Antwerp refinary has been written off altogether, with an additional $26.5m being reserved to meet further possible obligations.

The book value of the Canvey Island refinery has been written down from $110m to $20m. It is estimated that the building work already completed at Canvey has cost about $110m.

Occidental said that the actions of local protest groups at Canvey had not had any material bearing on the decision to postpone building work, nor had the report of the Health and Safety Executive.

Results, Page 21

Banking talks may create new European venture capital group

BY NICHOLAS LESLIE

A NEW European venture capital consortium, to provide backing primarily for small technology-based companies, may emerge as a result of talks taking place between British, French and West German banking groups.

A key factor behind the move is that it may open the door to some form of cheap finance from the European Commission.

The talks are taking place between Technical Development Capital (the venture capital subsidiary of Britain's Industrial and Commercial Finance Corporation), Sofinnova SA (a Paris-based group providing risk and development capital for innovative companies), and Deutsche Wagnisfinanzierungs Gesellschaft (DWG—a finance company set up in 1975 by 27 leading German banks to back products and processes based on technological innovation).

Discussions are at a very early stage, but it is significant that a fresh attempt is being made to create such an organisation, given a series of recent failures of venture capitalists with European, rather than just national ambitions.

The most recent has been Scienta SA (Scientific Enterprises Associates), which was established in 1969 on the initiative of Mr. Ronald Grierson, former managing director of the Industrial Reorganisation Corporation. The group has just been liquidated.

ICFC was an original shareholder in Scienta, as it was in another recently failed European venture capital concern, European Enterprises Development, which was based in Luxembourg. However, it does not appear to have been put off by these reversals, believing instead that it should continue to seek a successful formula to exploit cross-frontier investment opportunities.

ICFC was reluctant to comment on the details of the talks, but agreed that there had been meetings between Technical Development Capital, Sofinnova and the West German group. "The whole idea looks interesting that it should continue seeking stage," the corporation said. It stressed that the talks were part of a continuing process of discussion to explore different investment opportunities and did not represent any change in policy regarding Technical Development.

Funding factor

The management of TDC has undergone a change recently, with Mr. Ian Cuff taking over as director from Mr. Tony Stevens, who masterminded the group's development and is now involved in venture capitalism in the U.S.

At this stage, Technical Development appears to view a link-up more as a possible means of getting cheap funds from the European Commission than as a way of broadening its investments on a partnership basis. How such a grouping would qualify for such funding is not clear, and this is presumably one of the factors now being explored.

While Sofinnova is also very keen to secure funds from the Commission, it is also eager, with DWG, to create a means by which the high cost of backing a technology-based company—either from scratch or at a later stage—can be shared in order to exploit market potential throughout Europe.

"We would be very interested to do something like this," DWG commented. The German group made it clear, though, that exploitation of German company activity was its prime objective.

Mr. Christian Marbach, general manager of Sofinnova, said he saw a grouping of the three as a means of providing "second round finance." By this he meant, for example, that a company which Sofinnova had backed from scratch might reach a stage where it needed a larger market than France to realise its real potential and also more finance than Sofinnova could afford. In such a case a partnership with Technical Development and DWG might achieve the required result.

The talks are taking place at a politically opportune time. In all three countries Governments are sensitive to the economic possibilities of thriving small and medium-sized company sectors and are keen that the means should be found to ensure that they are fully developed.

Capital contribution from France, Page 7

Foreign currency inflow in July

By Peter Riddell, Economics Correspondent

THE UNDERLYING inflow of foreign currency into the UK in July has probably been easily in excess of $750m (£393m), but a smaller rise may be shown in the published figures for the official reserves.

July will be the first month since February when there has been a sizeable inflow rather than an outflow of foreign currency.

The main reason is that the renewed weakness of the U.S. dollar has created a demand for sterling from overseas. The Bank of England has intervened regularly, particularly at the beginning and toward the end of the month, to restrain the consequent rise in sterling.

The pound has still risen so far this month by 3.5 per cent compared with the dollar, and by 1.6 per cent against a trade-weighted basket of other currencies.

Market estimates 10 days ago that there might have been an inflow of $1bn were considerably too high at the time, though they could now be slightly more realistic in view of subsequent intervention.

In any event the inflow in July seems to have been at least $750m and possibly rather more. The official reserves figures, due to be announced on Wednesday afternoon, are unlikely to reveal as large an increase.

This is mainly because of forward transactions which delay the receipt of currency until later months. The published figures will be affected by repayment of overseas debt, possibly between $200m and $250m in July, less any new borrowing.

Forward operations may play a larger part than usual in July if the authorities decide that there are disadvantages in announcing too large an increase in the reserves in view of the impact this might have on boosting demand for sterling.

The Treasury and the Bank clearly want to avoid last year's position of almost a self-reinforcing rise in the rate.

The recent inflows contrast with outflows of $3.17bn between early March and the end of June, when a deterioration in the current account of the balance of payments and concern over domestic monetary pressures led to unwinding of speculative position in sterling built up last autumn.

The published figures this year have been considerably affected by changes in net borrowing overseas by the Government and the rest of the public sector.

The repayment in 1978 of $4½bn, out of $25bn due by 1985, has been undertaken or announced as part of the policy of spreading the burden of maturities away from the peak years of the early 1980s.

Cross-border raid launched by Rhodesia

BY TONY HAWKINS SALISBURY, July 30.

RHODESIAN TROOPS and aircraft launched a new cross-border raid into Mozambqiue this weekend to strike at bases of the guerrilla forces led by Mr. Robert Mugabe.

Confirming this the Rhodesian Combined Operations Headquarters said that "self defence" operations had been launched against Zimbabwe African National Liberation Army bases in Mozambique because "terrorists" there were refusing to participate in a ceasefire called for in May by the three black and one white leaders of the Transitional Government.

This is the first publicly-acknowledged Rhodesian cross-border raid since the establishment of the Transitional Government and the signing of the March 3 internal agreement, which provides for a hand-over to black majority rule on December 31.

The last such raid announced took place in December last year, when Rhodesian forces claimed to have killed more than 1,200 guerrillas in an attack on Chimoio in Mozambique.

The official communiqué gave no details of the scope of the raid nor of the bases against which it was directed. However, it said that "It must be clearly understood" that external operations by Rhodesian security forces "are mounted against the armed terrorists of the ZANLA Mugabe faction."

ZANLA is the armed wing of Mr. Robert Mugabe's ZANU, which along with Mr. Joshua Nkomo's ZAPU makes up the Patriotic Front. The front is seeking to disrupt Rhodesia's internal agreement and prevent the hand-over to majority rule government at the end of this year.

The statement makes clear that there was "clear evidence" that the ceasefire was now beginning to work within Rhodesia. There was also intelligence that other groups were showing every indication of co-operating with the interim government.

It went on: "Self-defence operations against externally-based terrorists who oppose the interim government of Rhodesia and its stated promise of a true democratic future will be mounted and continue to be mounted."

The two prominent nationalist members of the four-man executive Council, Bishop Abel Muzorewa and the Rev. Ndabaningi Sithole, are both out of Rhodesia. It is believed here that the cross-border raid was sanctioned by their deputies, Mr. James Chikerema for the bishop and Dr. Elliot Gabellah for Mr. Sithole.

The statment makes clear that the target of the attack was not the Patriotic Front as such but the more militant ZANLA wing. It is accepted that the attacks will bring forth a storm of criticism and new warnings from Britain and the U.S. about the urgent need for an all-party conference.

Since the outbreak of the war, security forces have killed almost

Continued on Back Page

Accounting of nationalised industries to be studied

BY MICHAEL LAFFERTY

THE CONTROVERSIAL accounting practices of Britain's nationalised industries are to be examined by Mr. Douglas Morpeth's Inflation Accounting Steering Group, the Government and profession-backed body charged with developing acceptable inflation accounting procedures.

This was confirmed yesterday by Mr. Morpeth, who forecast that draft inflation accounting proposals usually published next spring would include measures covering nationised industry accounts.

He said that the nationalised industry accounts controversy only emphasised the need for an agreed inflation accounting solution.

"We are coming to the stage when we must have something which everyone is going to follow."

The present position, with no inflation accounting standard and only a set of interim guidelines, was a hiatus period. "We have to reduce the hiatus as soon as possible."

Little attention had so far been paid to the inflation accounting problems of the State companies.

But initial thinking on his steering group had led Mr. Morpeth to suspect that the so-called gearing adjustment (the calculation by which companies apportion the extra costs of inflation between shareholders and providers of debt capital) was not appropriate to the nationalised sector.

An important factor was that the owners of the State industries and the providers of their debt were one and the same—the British public.

Mr. Morpeth conceded, however, that such reasoning raised questions about whether nationalised industries should deduct interest payments in calculating profit.

Lex, Back Page

OVERSEAS NEWS

Israel holds discussions in Lebanon

By David Lennon

TEL AVIV, July 30.

ISRAELI AND Lebanese army officers met today at the Nakoura headquarters of the UN in south Lebanon to discuss the possibility of sending Lebanese troops to the south of the country.

It was announced later in Beirut that units of the Lebanese army would head for southern Lebanon tomorrow to establish state authority and security in the region bordering Israel.

While Israel believes this is unnecessary, it is prepared to accept the move provided it does not upset Israeli arrangements made before it pulled out of south Lebanon last month.

The Israeli team demanded that: No Palestinian guerrillas be allowed into the area; the "good fence" crossing points between Israel and Lebanon remain open and that Christians be permitted to maintain their relations with Israel, and that the commanders of the Christian forces along the Israeli border, Major Saad Hadad and Major Sami Shidiak, must not be harmed.

Beirut radio, announcing tomorrow's troop move, said the deployment of regular troops was designed to solve the problem of right-wing army officers who co-operated with Israeli forces in recent fighting between right-wing militias and Palestinians and their left-wing allies.

Some reports said about 1,500 regular soldiers would be involved, but the right-wing Phalangist radio said the first contingent would number 500.

Sadat says Mideast talks are at a turning point

ALEXANDRIA, July 30.

PRESIDENT ANWAR SADAT of Egypt said today he was against fresh talks with Israel unless it formally agreed to drop its demands for territorial compromise.

Mr. Sadat was speaking to reporters after a lengthy meeting with Mr. Alfred Atherton, President Carter's roving Middle East envoy. He said the climax in Middle East peace negotiations had already been reached.

Answering a question on whether the time had come for U.S. proposals, Mr. Sadat said he did not want to embarrass President Carter. But he recalled that in February he had said the U.S. should act as a full partner and not just as a mediator. He characterised the present situation as a "very decisive turning point."

Mr. Sadat said Israel would have to take back its statement that it was not prepared to give Egypt something for nothing, as announced by Mr. Menahem Begin, the Israeli Prime Minister, last week. The most important, significant new element by Mr. Begin was the one stating that it was a Cabinet decision not to return anything without anything in return, Mr. Sadat said. "This is rejected 100 per cent from us and we are not ready before this is declared cancelled to sit with the Israelis."

Mr. Sadat, who appeared tense and angry, said of recent Israeli statements on a settlement: "Yes there are new elements—negative elements from Israel."

In Jerusalem, an Israeli Government spokesman said Mr. Cyrus Vance, the U.S. Secretary of State, would meet Israeli leaders in the city next Sunday to help set up new Middle East peace talks between Israel and Egypt.

Speaking to reporters after the weekly Cabinet meeting, he said the next meeting would be held a day after the talks with Mr. Vance to enable new decisions to be made, if necessary.

There was no immediate comment from Israeli officials on Mr. Sadat's remarks in Alexandria. News of his statement arrived after the Cabinet session.

Mr. Vance is expected to fly to Cairo after his meeting with the Israelis.

Reuter

Namibia endorsement expected

BY JOHN STEWART

CAPE TOWN, July 30.

THE SOUTH AFRICAN Government is confidently expected by its Sunday Press to endorse the Security Council's Namibian settlement resolution when Mr. John Vorster, the Prime Minister, and members of his Cabinet meet in Pretoria tomorrow.

Noting that the alternative to rejection of the Security Council settlement plan would be a unilateral "internal" settlement, the nationalist government Press said today that while the Cabinet would doubtless reaffirm its opposition to the Security Council's Walvis Bay resolution, it would nevertheless not withdraw from the settlement plan.

South African diplomatic sources pointed out that South Africa's position on Walvis Bay was not as uncompromising as indicated in statements by Mr. R. F. Botha, the Foreign Minister, after last week's Security Council meeting. South Africa had "repeatedly" indicated that it was willing to negotiate the future of Walvis Bay with a Namibian independence government, the sources said.

In an editorial, the Afrikaans Sunday paper, Rapport, says today that greater understanding of the Walvis Bay issue has emerged from assurances by Mr. Cyrus Vance, the U.S. Foreign Secretary, and the British Foreign Secretary, Dr. David Owen, who made it clear that the Security Council resolution was neither coercive nor a challenge to South Africa's legal title to the enclave.

The clarifications on the Walvis Bay resolution will be submitted to the Cabinet tomorrok, Mr. Botha told a Press conference on his arrival from New York yesterday. "The Government will have to decide for itself whether its confidence and trust has been restored to a sufficient degree to accept the settlement proposals," he said.

Political observers have questioned the style adopted by South Africa in declaring its opposition to the Walvis Bay resolution. Last night Mr. Botha said that if the Western settlement proposals could not be implemented with mutual co-operation, the five Western members of the Security Council would have to shoulder the blame.

It is argued that while such statements were doubtless calculated to keep the international community guessing as to South Africa's real intentions, and to present last week's Security Council events as a victory for home consumption, continued expression of strong anti-West sentiments came close to brinkmanship and were not in the best interests of South Africa at this delicate stage of events in the area.

THE LIST OF APPLICATIONS WILL BE OPENED AT 10 a.m. ON WEDNESDAY, 2nd AUGUST 1978 AND WILL BE CLOSED AT ANY TIME THEREAFTER ON THAT DAY.

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Eanes seeks caretaker Cabinet for Portugal

BY OUR OWN CORRESPONDENT

LISBON, July 30.

THE PORTUGUESE President Gen. Antonio Ramalho Eanes is expected to appoint a caretaker Government in the next few days, following weekend talks with political parties, business, farming and labour leaders.

Such a Government, whose composition is still unclear, would run the country until early general elections could be held or until the Socialists and Conservatives could patch up their differences and relaunch their governing alliance. The seven-month old pact collapsed over Conservative disagreement with left-wing agriculture and health policies.

If the precedent of prolonged negotiation set by the December defeat of Portugal's then minority Socialist Government is to be followed, a final solution is only likely towards the end of the month.

A stumbling block to the holding of early elections is the rigidity of the constitution which lays down that come what may further elections must be held in October, 1980. This means that Portugal would face two general elections in a space of 18 months, further disrupting attempts to stabilise the economy.

While both the Moscow-line Communist party and the Right-wing Social Democrats—the major opposition—are supporting a call for early elections, observers sense a growing desire to avoid this option if possible.

Although Sr. Vitor Constancio, the Finance Minister, says that the present financial situation is healthy, with one of the highest foreign reserves levels for some time, he left unstated the bad effects of prolonged political uncertainty, on international financial and investor confidence.

Editorial comment Page 10

China border row grows

PEKING, July 30.

CHINA HAS accused Vietnam of continuing to violate border agreements, while Hanoi says it has appealed to Peking to re-open their common frontier to those wishing to leave Vietnam.

At the same time a Cambodian military delegation has arrived in Peking as the Vietnam News Agency (VNA) claims that several battalions of Cambodian troops have been wiped out by Vietnamese forces in recent border clashes.

China has strongly backed Cambodia in its border dispute with Vietnam, a major cause of a sharp deterioration in Sino-Vietnamese relations.

The New China News Agency said last night that Peking protested to Hanoi on Wednesday and again yesterday over what the agency said were deliberate violations of border control agreements.

The agency claimed that Hanoi was continuing to "drive to border areas and harass those victimised Chinese nationals who had not gone through the formalities for return to China."

Peking moved to control the inflow of overseas Chinese refugees from Vietnam—now totalling more than 160,000—by closing its border on July 12 to those who had not gone through proper exit procedures.

VNA said more than 4,500 Vietnamese residents of Chinese origin had been stranded at the border since Peking imposed the controls.

The Vietnamese agency accused the Chinese Embassy in Hanoi of turning down requests for entry visas from ethnic Chinese who had returned from the border to apply for them.

VNA said the Vietnamese Foreign Ministry had asked China to reopen its borders.

The Cambodian military delegation to Peking, led by Defence Minister and Vice-Premier Son Sen, is the most senior to arrive in the Chinese capital since the communists took power in Phnom Penh in 1975.

The Vietnam News Agency, in a report monitored today in Hong Kong, claimed that Vietnamese troops in Song Be province had killed or wounded 279 Cambodian soldiers and captured many others on July 22, while more than 450 "intruders" had been put out of action in the same area on July 26.

A further 400 Cambodians had been put out of action and large quantities of weapons captured the same day in Ben Cau province, it said.

Reuter

Sudan Government shuffle

BY ALAN DARBY

KHARTOUM, July 30.

AGAINST A background of severe economic difficulties, President Nimairi of Sudan has dismissed the two ministers closely conected with fuel and transport, where shortcomings have ground the Sudanese economy almost to a halt.

The dismissals came in a long list of changes, which were less radical than expected. The President reshuffles his Cabinet and the political hierachy once or twice a year, apparently with the aim of keeping his ministers on their toes and of adjusting the power balance among rival political groups which thrive unofficially within Sudan's single party system.

Mr. Mamoun Awad Abu Zeid lost his post of Minister of Energy and Mining to Dr. Sherif Altuhami, a former member of the opposition National Front, and Mr. Abdel Rahman Abdalla, lost the Ministry of Transport to Mr. Mustafa Osman Hassan, the tough army man who earlier this year as chairman of the Seaports Corporation was able to cut down the waiting time for vessels at Port Sudan. He will now be expected to sort out the railways which have failed to carry away the goods he successfully unloaded at the port.

Mr. Mahdi Mustafa al Hadi, returns as his port commissioner of Khartoum after an absence of some two years, and he will now be expected to clamp down on food and other prices in the capital.

Carter puts off health scheme until 1983

By David Buchan

WASHINGTON, July 30.

THE U.S. Administration has announced guidelines for a national health programme laying much emphasis on curbing medical costs and putting off any new federal outlay until 1983, near the end of a possible second term for President Carter.

Senator Edward Kennedy, the most dogged Congressional proponent for national health insurance, and Mr. George Meany, the top American trade union leader, lambasted the plan even before it was announced on Saturday as too little and too late.

The Carter plan watered down to retain a "significant role" for private health insurance, could jeopardise union support for the Administration in this autumn's mid-term elections and, possibly, encourage Senator Kennedy to run against the President in 1980.

The Administration will not send any detailed proposals to Congress until next year. Mr. Joseph Califano, the Secretary of Health, Education and Welfare, today defended the delay as necessary to prepare "the most complicated piece of domestic legislation this Administration will propose."

Mr. Califano last year visited Britain to look at its National Health Service

The new guidelines clearly reflect the advice of Mr. Carter's economic and budget officials that the American economy cannot stand any new open-ended public spending commitment.

The Carter plan promises Americans "comprehensive health care coverage," to protect them against staggering medical bills, to cut out substandard health care, and to retain freedom for patients to choose between doctors and hospitals.

But it would only be phased in gradually after 1983, after consideration at each step of the way of the costs involved. This approach, Senator Kennedy and others feel, would allow opponents of national health insurance to sabotage it piecemeal.

Mr. Califano said the programme might cost up to $40bn a year. But he contrasted this with the $162bn which Americans now pay on health—a sum he predicted would rise to $320bn by 1983.

Supreme Court delays jailing of U.S. reporter

By John Wyles

NEW YORK, July 30.

A judge of the U.S. Supreme Court has delayed the fining and imprisonment of a New York Times reporter who was convicted of civil and criminal contempt for refusing to hand over confidential information to a murder trial judge.

Justice Byron White issued a stay of execution until Tuesday, pending hearings on a further stay until the Supreme Court decides whether to review the case. The reporter, Mr. Myron Farber and the New York Times, which has also been fined, are hoping that the Supreme Court will rule eventually on whether information acquired by a reporter through news-gathering, is privileged under the first amendment to the constitution guaranteeing freedom of the press.

A New Jersey trial judge insisted that Mr. Farber should hand over materials gathered during an investigation into hospital deaths in 1965 and 1966. Mr. Farber's reports were partially responsible for murder charges being laid against Dr. Mario E. Jascalevich, whose defending lawyers have argued that they must have access to Mr. Farber's notebooks to frame the defence properly. The trial judge wanted to see the notebooks to decide whether to pass them on to the defence.

Zaire-Angola accord

Zaire and Angola have announced that they will establish diplomatic relations at ambassadorial level, Reuter reports from Kinshasa. The two countries are reported to have expressed a desire for a climate of peace after more than two years of strain. The decision was announced after talks between delegations from the two countries in Zaire's capital at the weekend.

OECD predicts recovery in Canadian demand

BY DAVID CURRY

PARIS, July 30.

LOOKING FOR a modest recovery in demand and economic activity the OECD forecast says that Canadian prospects until the middle of next year calls for continued priority to be given to improving the country's price and balance of payments performance.

Any increase in total demand should be kept roughly in line with the rise in productive capacity, the OECD feels, since on the basis of present policies domestic demand is expected to expand faster than in 1977. Measures to expand demand would need to be relatively small.

The OECD considers that the vital period will be in the first half of 1979 when direct controls on prices and incomes will no longer be in place and when the effects of the reversal of the temporary provincial sales tax cuts will be working through to retail prices.

While remarking that the continuation of direct statutory controls would not be desirable, the OECD says that additional steps to bolster the anti-inflation effect of demand management might be necessary if inflation is to be cut back. It recommends at least, a voluntary system of consultation and monitoring between the two sides of industry.

Such a system for regular exchange of views and information is essential, it argues, if faster growth is to be achieved on a sustainable basis. Its remarks that favourable development of labour costs must be maintained if Canada's record of rapid growth in employment is to be kept up. But is cautions against trying to encourage employment by short-term general expansionary measures.

However, it tends to favour the extension of labour market support measures if they are directed specifically towards tackling youth unemployment.

Total domestic demand in the 12 months to June next year is expected to accelerate from below 3 per cent to more than 3½ per cent. But GNP growth is seen as slowing down 4½ to 3½ per cent. The OECD cautions, however, that these figures all depend on a number of uncertainties, chief among them being economic performance in the U.S., the trend of consumer prices, about which it tends to be somewhat pessimistic, and the fate of the Canadian dollar.

An above-average increase in employment is expected but the productivity performance is likely to remain very poor, and unemployment itself to remain at record levels.

Italy's ruling formula confirmed

BY PAUL BETTS

ROME, July 30.

ITALY'S governing formula, with the Communist Party supporting a minority Christian Democrat Government, was confirmed at the weekend by the Christian Democratic Party's national council which ended today.

Sig. Benigno Zaccagnini, the Christian Democrats' secretary general, said there was at present no alternative to the five-party political coalition. But he made clear that the agreement should be considered a temporary formula.

The national council elected Sig. Flaminio Piccoli, the party chief whip, to the position of president of the party, to succeed Sig. Aldo Moro. In many respects, the party appears intent on a waiting game in view of a widening rift between the Communists and Socialists.

The decision of Sig. Bettino Craxi, the Socialist Party leader, to establish the autonomy of his party from the Communists is regarded here as perhaps the most significant political development of recent weeks. It came after local elections in which both the Socialists and the Christian Democrats gained votes at the expense of the Communists.

While welcoming the new socialist line, the ruling party appears reluctant to make a direct overture to Sig. Craxi, preferring to postpone any decision until after the summer.

The Christian Democrats have internal problems of their own. The party still has to overcome the vacuum caused by the murder of Sig. Aldo Moro, and the agreement with the Communists has caused strains within its ranks.

The election as party president of Sig. Piccoli, seems to indicate a new alliance at the top of the party, grouping four-fifths of the members behind Sig. Zaccagnini, Sig. Giulio Andreotti, the Prime Minister, and Sig. Piccoli, who leads one of the most influential factions.

The loser at the national council appears to have been the veteran senator, Sig. Amintore Fanfani, who did not attend.

Compromise by the non-aligned

BELGRADE, July 30.

A STORMY conference of Foreign Ministers of the non-aligned movement, dominated by controversy over Cuba's military activities in Africa, ended today with a declaration condemning attempts to split the movement.

But the declaration omitted a disputed passage in an earlier draft endorsing the sovereign right of non-aligned states to request and receive foreign assistance.

Delegates at the six-day conference, which ran a day beyond schedule, said Cuba and other radical Left-wing countries had wanted the reference included but it was opposed by a number of more moderate countries.

On the other hand, the moderates failed to secure a condemnation of "foreign intervention and interference in internal affairs under any pretext whatsoever, from whatever quarter."

Cuba, backed by the radicals, opposed this as an indirect criticism of its involvement in Angola and Ethiopia, diplomats said.

The political committee of the 86-nation conference, after hearing a number of conflicting views on the issue, worked out a compromise by deleting an entire section of the draft prepared by the host state, Yugoslavia. The final declaration said:

> The Ministers point with concern to the more and more overt recourse to interference in the internal affairs of independent, particularly non-aligned, countries in order to influence their socio-political development, their foreign policies, and to circumscribe their independence.
>
> Interference in internal affairs is becoming one of the principal forms of attack against the non-aligned movement and the unity of the non-aligned countries.

The conference president, Mr. Josip Vrhovec, the Yugoslav Foreign Minister, in a closing address, reaffirmed the movement's resistance to attempts from outside at interference and domination in remarks, which diplomats said, were aimed at the Soviet as much as the Western bloc.

Mr. Vrhovec added that the non-aligned countries were stating clearly in the final document that the developed countries were to blame for the standstill in efforts to build a new international economic order.

The declaration condemned white minority regimes in South Africa and Rhodesia and called on the Security Council to consider an oil embargo against South Africa. It condemned the Rhodesian internal settlement as "a sham" and backed the transfer of power to the Patriotic Front.

The conference urged all non-aligned countries to solve their disputes and armed conflicts peacefully through negotiations. Ohter resolutions condemned Israel's continued occupation of Palestinian and other Arab lands and its "aggression in Lebanon."

Reuter

Iran 'reconciliation' proposed

BY ANDREW WHITLEY

TEHRAN, July 30.

A FORMER Iranian Prime Minister, Dr. Drali Amini, has launched a potentially important political initiative, aimed at "a reconciliation between the regime and the people." The move follows the renewal of violent demonstrations against the Shah and the Government over the past week, with a number of deaths reported.

In a written statement now circulating in Tehran, the 73-year-old former premier calls for national unity and strength "dedicated to the expansion of security, freedom and humanitarianism." He confirmed yesterday this meant a Government of national unity, under a new Prime Minister, to restore public confidence.

Speaking publicly on political affairs for the first time since his resignation in 1962, Dr. Amini said he had been asked to act as an intermediary because of his personal standing. During his 14-month administration Dr. Amini won a reputation as an independent Prime Minister, though he suffered politically from allegations that he had been sponsored and was kept in power by the United States.

The statement emphasises a strong connection between Iran's economic ills and the political crisis. It says poor economic planning has been at the root of public discontent. Dr. Amini told the Financial Times that an austerity programme needed a popular government, which was lacking.

The most prominent of a number of independent political figures being sounded out to bridge the growing gap between the moderate political and religious opposition and the Government, Dr. Amini said he was not opposed to the Shah. Changing the regime would be very dangerous, he said.

Arguing the need for politicians, rather than technocrats to meet what he saw as a rapidly deteriorating situation, his statement indirectly called on Dr. Jamshid Amouzegar, the Prime Minister, to resign.

Present conditions necessitated a broad political alliance rather than a new party as such, he said. For weeks the formal announcement of a western-style "social democrat" party, to act as a legitimate public vehicle for opposition "constitutionalists," has been expected.

Meanwhile opposition demonstrations have been gathering pace. Serious clashes with police and troops in Mashad last weekend left a large number of dead and injured. Trouble has also affected half a dozen towns and cities around the country, including some small-scale incidents in the capital. Diplomatic sources report deaths in the towns of Jahrom and Rafsanjan in the south, and many hurt in the western town of Hamadan.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $200.00 (air freight) $360.00 (air mail) per annum. Second class postage paid at New York, N.Y.

France & U.S. battle for $500m Belgian arms deal

BRUSSELS, July 30.

FRANCE and the United States are locked in a new battle to clinch a BFr 15bn (about $500m) arms contract with Belgium.

The deal is for the sale of some 1,200 armoured personnel carriers to replace 25-year-old vehicles. The previous contest in 1975 ended in a U.S. victory when Belgium along with Holland, Denmark and Norway, opted for the American F-16 fighter against the rival French Mirage for their armed forces.

This time the U.S. equipment once again seems to have the edge, according to informed military sources, although no decision has been taken yet.

The U.S. contender is the tracked M-113 armoured personnel carrier, the most widely-used vehicle of this type outside the Soviet bloc, with over 60,000 manufactured. The Dutch and Swiss armies are among those which use it. The French rivals are the tracked AMX 10 and the wheeled VAB.

The search for a new vehicle has stirred a controversy among Belgian officers between those favouring tracked vehicles with better cross-country performance and those preferring wheeled vehicles, quicker on roads and more economical on fuel.

As possible compromise could be to split the order between American and French companies.

The possibility of the deal creating jobs in Belgium will play an impoatant part in the final decision, expected to be taken by the Government in September.

France was reported to have offered Belgian companies co-production for the order and for 4,000 VABs already ear-marked for the French Army.

The U.S. vehicles, if chosen, would be produced under licence in Belgium.

Reuter

Car industry output declines

BY ROBERT MAUTHNER

PARIS, July 30.

HOPES THAT the French car industry will chalk up another record production year now look as if they will be disappointed. The latest figures, published by the Car Manufacturers' Association, show a sharp decline of production and exports in June and a more modest fall over the first six months of this year.

Largely as the result of strikes at the state-owned Renault plants, car production fell by 11 per cent to 270,195 in June, compared with the same month last year, and by 2.3 per cent to 1,659,430 over the first half-year, as against the same period of 1977.

Exports also declined by 11 per cent to 137,223 in June and by 6.3 per cent to 839,829 over the six-month period. Thanks to large stocks, however, the domestic market was less affected by the strikes than exports, and new registrations rose slightly by 1 per cent in June and 0.3 per cent over the first six months on a year-to-year basis.

The already depressed truck and van sector also suffered from the Renault strikes. Production of commercial vehicles, up to six tonnes, fell by 8 per cent in June, and 1.6 per cent over the half-year, while exports declined by as much as 19.8 per cent last month, but, somewhat surprisingly, increased by 1.8 per cent over the first half-year.

The picture for heavy trucks, buses and tractors of more than six tonnes, on the other hand, looks somewhat brighter. Production went up by 4.8 per cent in June and 0.5 per cent during the first half-year, while exports rose by an encouraging 10.9 and 27.4 per cent, respectively. But new registrations of heavy trucks, buses and tractors dropped by some 10 per cent in both June and the first half of 1978.

Fall in world chemical profits

BY KEVIN DONE, CHEMICALS CORRESPONDENT

CHEMICAL COMPANIES world-wide have suffered falling profitability in the face of reduced demand, weak prices and rising costs.

Only Du Pont of the 15 largest chemical companies showed increased profits last year, according to a survey carried out by Chemical Age magazine.

Dow, also of the U.S., which has headed the league as the world's most profitable chemical company for three years, has slipped to second place just ahead of Imperial Chemical Industries.

Britain's ICI has retained its position as the fifth largest chemicals company in the world (judged in terms of sales), following Hoechst, West Germany, Du Pont, and Bayer and BASF, both West Germany.

Hoechst, which tops the list, had sales last year of some $10bn. ICI's sales of $8.25bn represented an 11.3 per cent increase on 1976, as good a performance as any among the world's top 10 chemical companies.

Among the major oil companies with a significant involvement in the chemical industry, Royal Dutch/Shell emerges as the 12th largest chemicals company followed by Exxon in 15th position.

Hoechst spent most on research last year at $443m, followed by Bayer and Du Pont.

World Economic Indicators

RETAIL PRICES

	June '78	May '78	April '78	June '77	% ch'nge over prev. year	Index base year
Holland	119.9	120.0	119.8	116.0	3.4	1975=100
UK	197.2	195.7	194.6	183.6	7.4	1974=100
W. Germany	145.9	145.6	145.0	142.9	2.1	1970=100
Italy	132.4	131.3	129.9	118.0	12.2	1976=100
France	198.9	197.4	195.8	182.5	9.0	1970=100
	May '78	April '78	March '78	May '77		
Japan	123.2	122.5	121.2	119.0	3.5	1975=100
Belgium	127.0	126.8	126.7	121.7	4.4	1975=100
U.S.	193.3	191.5	189.2	180.6	7.0	1967=100

Russia and Pakistan in steel pact

By David Satter

MOSCOW, July 30.

A R167m (£128.5m) economic agreement between the Soviet Union and Pakistan which will provide more Soviet credits for a giant Karachi steel mill project has been signed by officials here.

Mr. Ghulam Ishaq Khan, the Pakistan Finance Minister, and Mr. Semyon Skachkov, chairman of the Soviet State Committee for Foreign Economic Relations, signed a three-part protocol yesterday which provided for new Soviet credits, rescheduling of previous debts and utilisation of unused existing Soviet credits.

Exact details of the agreement were not disclosed but new credits and rescheduled debts were understood to account for almost 80 per cent of the amount involved.

The Karachi plant is designed to have an initial annual capacity of 1m tonnes and will cost $1.935bn. The first blast furnace is to go into operation in the mid-1980s.

SHIPPING REPORT

Uncertainty in markets

By Our Shipping Correspondent

Both the oil tanker and grain markets now have a mini-boom in rates behind them, but there is still much uncertainty as to whether recent gains can be built upon.

As expected, the grain market slipped back, according to seasonal norms, from the April-May highs, but has started to climb again since the beginning of July.

Broker Galbraith Wrightson considers that this amounts to "definite signs of a premature summer recovery." Certainly rates are better than for the previous three summers.

The overall impression is one of steadiness and this is reflected in the quietness of the time charter area, where both orders and tonnage are said to be available with neither side particularly anxious to make a move at this stage.

Tanker markets are also steady again, with VLCCs having picked up about eight points in recent weeks. Rates for Western discharge from the Gulf continue at around Worldscale 26 and there have again been a number of fixtures for ULCCs.

Again, though, longer term deals do not indicate expectations of a large improvement. BP last week took an 85,000 dwt vessel for three years at a single voyage equivalent of WS49.81.

Japanese trade policy supported

BY LORNE BARLING

IN A strong defence of Japanese trade policy, a leading British authority suggests that the rest of the world ought to be prepared to reallocate its resources in response to Japan's superior efficiency in some branches of manufacture.

Prof. G. C. Allen, Emeritus Professor of Political Economy at London University, also warns that restrictions on Japanese trade are likely to encourage illiberal trends in international commerce and retard recovery from the world recession.

High quality

"The exceptionally fast expansion of Japan's exports in the past two years can be ascribed largely to the more general recognition of the high quality of her industrial products and to the growing efficiency of her merchanting organisations overseas," Prof. Allen says in a study published by the Institute of Economic Affairs.

The study, How Japan Competes: A Verdict on Dumping, points out that Japan's success is based firmly on its industrial efficiency relative to that of other countries during the last 20 years.

Although British and Western manufacturers had in the past made justifiable complaints about Japanese import controls and subsidies to domestic producers, these have both been largely removed.

"Indeed, Japan relies far less on subsidies to sustain her industries than Britain," the study adds, suggesting that few British companies have displayed the same resolute enterprise in their export drives as the Japanese have.

"In the subsidisation of exports, or "persistent" dumping, Japan's recent record entitles her to claim that she is, if not blameless, less guilty than most of those countries which accuse her," Prof. Allen suggests.

"The British sustain their iron and steel, shipbuilding and motor industries by lavish subsidies. The corresponding industries in Japan have lately flourished without any direct official subventions. Except in a few instances, recent charges of dumping have been impossible to prove."

Prof. Allen claims that in recent years dumping has been responsible for only a small proportion of Japan's exports. "It certainly cannot be regarded as having contributed significantly to her large trade surplus."

Moreover, the "almost hysterical" comments over Japanese activities were remarkable in that imports from Japan in recent years made up less than 3 per cent of Britain's total imports and less than 4 per cent of the EEC's.

Admittedly these imports had been in a narrow range of products, but to restrict their entry further would have only a small effect on output and employment in Britain while it would deprive consumers of desired products. Such a policy would, almost certainly, bring to an end the Japanese efforts to smooth the path for British imports.

"It is the consumers who have been the chief beneficiaries of Japan's industrial efficiency and her enterprise in foreign markets. It is they who would suffer most from further restrictions on the sale of goods for which they have unmistakably shown their preference."

However, Professor Allen also points to the problems Japan is facing, due to its success in outstripping others in industrial productivity. For example, some Japanese industries such as textiles, which cannot compete with the high technology industries in performance, are now in retreat.

Restrictions

People who favour import restrictions seemed to assume that, unless the threatened industries were protected, the resources displaced from them will be unable to find employment elsewhere in the home economy.

"This result would, of course, follow if resources were completely immobile, if the wage terms on which the displaced workers would accept employment in another industry were out of accord with their productivity in that employment, or if industrial enterprise in the country had withered away. As applied to Britain today, despite her present economic weaknesses, such a degree of pessimism is unjustified.

"In any event, the causes that give rise to the pessimism cannot be removed by policies that increase structural rigidity: they would only hasten a decline.

"A solution must be found in the elimination of the monopolistic and trade union rigidities by institutional reforms and the restoration of an economic and political environment favourable to enterprise."

Prof. Allen adds that the appreciation of the yen has enabled Japan to make substantial investments abroad in manufacturing undertakings and it might have been supposed that Britain would have welcomed without reservation any enterprise which might help to redress her industrial inferiority.

But the hostile reception given by vested interests to Hitachi's proposal to build an assembly factory showed otherwise.

"In the light of this obstruction and other similar experiences, the Japanese may be forgiven for supposing that Britain's indignation about Japan's imbalance is spurious, since she has rejected one of the most obvious remedies."

Prof. Allen concludes that a remedy to the Japanese trade problem must be sought in eliminating trade barriers and by reforms in the international monetary system, and in domestic economic policies that will permit more rapid adjustments to changes in relative industrial efficiency.

Subsidiaries in UK 'boost export drive'

FINANCIAL TIMES REPORTER

MORE THAN a dozen Japanese companies, some fully owned and some jointly owned with local interests, are actively contributing towards Britain's export drive, according to the newsletter Japan, published by the Japanese Information Centre in London.

Despite the fact that some of them are relatively new arrivals, almost all are exporting companies. The outstanding one is YKK Fasteners (UK) which estimates that it accounted for one-third of all zip fasteners exported from Britain last year. Shipments go to over 30 countries.

Sony (UK) believes that it may be responsible for up to one-fifth of total exports of colour TV sets this year with exports, mainly to Western Europe, taking almost half of production from its Bridgend factory.

Other Japanese companies operating in Britain have also reported good export figures. Takiron (UK) is now exporting about £1m per year of its PVC corrugated sheets to Europe and has started to diversify into the Middle East and African markets.

NSK contributes some £3.2m to the total of British exports, exporting as much as 90 per cent of all goods produced at its factory in Peterlee.

Nittan (UK) exports half of its total production while Toray Industries ships almost £900,000 worth of ladies' dresses abroad. Daiwa Sports has so far made little impact upon the export market but hopes to built up its volume of sales to EEC countries.

Rikadenki Mitsui Electronics reports that a small ratio of its electronic chart recorders go into larger units which are eventually destined for export while Sekisui (UK) anticipates that by September between 25 per cent and 30 per cent of its total production will be for export.

Production in UK factories for sale to the UK market often represents a contribution to the British balance of payments because it dispenses with imports which had previously supplied the British market, it is claimed.

Daiwa Sports, in Wishaw, Scotland, directly substitutes approximately 1,000 fishing rods a week in this way which used to be imported from the Far East, while Takiron (UK) now saves around £1m by producing the PVC corrugate sheets which Britain previously bought from Japan. Sony (UK) no longer imports 18ins-22ins TV sets, manufacturing them at Bridgend.

Most of the Japanese companies report a high ratio of purchase of British materials. Daiwa Sports, which manufactures its rods from local glass cloth, describes this as a "high level" of local added value.

NSK Bearings Europe and Rikadenki Mitsui Electronics report up to 90 per cent usage of British materials.

Sekisui (UK) will save Fl 1.1m because it no longer imports polyethylene foam from its Dutch subsidiary and, instead, uses British raw materials.

Daiwa Sports still imports some components from the Far East. This was seen as the best means of launching its factory speedily and successfully but, in due course, these will be replaced by locally produced materials.

Nittan (UK) and YKK Fasteners (UK) utilise 60 per cent and 50 per cent British components respectively while Takiron (UK) buys all its supplies from BP, ICI and other British companies.

HIGH PC OF LOCAL WORKERS

The average ratio of British to Japanese staff in these factories is just over 95 per cent: ranging from 100 per cent at Rikadenki Mitsui Electronics and Toray Industries, to 90 per cent in the case of NSK Bearings Europe.

Mackintosh death cuts Labour strength to 306

DR. JOHN MACKINTOSH, Labour MP for Berwick and East Lothian, and professor of politics at Edinburgh University, died yesterday at the age of 48. He was admitted to hospital last week after collapsing at home with acute chest pains.

His loss deprives the Government of one of its most distinguished, if idiosyncratic, back bench supporters. By reducing the party's total Commons strength to 306, it leaves Labour in an overall minority of 21 to all other parties, with two seats vacant.

In theory, the Prime Minister has the option of holding a crash by-election in the seat—to provide himself with a final test of public opinion before he takes his definitive decision at the end of next month whether to go to the country in October.

But such a move by Mr. Callaghan is considered most unlikely. Dr. Mackinosh's unexpected death means that there is no obvious candidate to succeed him, and so marginal is the seat that the selection procedure would have to be carried out with particular care.

Having won the constituency in 1966, Dr. Mackintosh lost at the February, 1974, election, before regaining it from the Tories that October. But his majority of only 2,740 means it would fall to a swing of only 2.9 per cent to the Conservatives.

Admirer

Author, academic as well as MP, John Pitcairn Mackintosh took too prickly, radical and Right-wing an approach to politics to endear him to the majority of his colleagues. Westminster indeed never dominated his life, even in the last four years when Labour's position in the Commons was always precarious.

He was a convinced and unwavering pro-Marketeer, in spite of the growing unpopularity of the EEC, and a deep admirer of Mr. Roy Jenkins, whose departure to Brussels in 1977 symbolised the political eclipse of his most ardent followers.

One of the few MPs to have a genuine intellectual belief in the need for devolution in an overcentralised state, Dr. Mackintosh was a fierce proponent of proportional representation, not only for the new Edinburgh and Cardiff Assemblies, but also for the first directly-elected European Parliament in Strasbourg.

Nor was he renowned for his obedience to the party whip in the Commons, especially more recently as his disenchantment with the seeming Leftward drift of Labour became increasingly plain.

Educated at Melville College, Edinburgh, Balliol, and Princeton University, he was a noted author.

Managers may prefer responsibility to pay

BY JASON CRISP

MANAGERS in industry are more highly motivated by responsibility, influence over the way things are done and a challenging job than even the prospect of a higher salary, according to a survey published today by the British Institute of Management.

The study, The British Manager: Careers and Mobility, shows that today's manager changes job more often than his counterpart would have 20 years ago, and is more willing to move home if it will help his career.

Eighty per cent of the sample described themselves as very concerned with career success. The main reason managers change employers or are willing to move home is to further their long-term career prospects.

"There is no evidence of a widespread lack of ambition or lack of interest in career prospects. The evidence is rather that organisations have difficulty in fulfilling the aspirations of their managers."

Managers under 30 are more mobile and more ambitious than their older colleagues. "Organisation-hopping" seems to be a feature of the careers of many young managers.

Half those now in their early thirties have had at least four employers in the last ten years.

Overall 43 per cent of managers' wives are in paid employment. The more important a wife's work is financially to the family, the more likely the manager is to be interested in changing employer.

"Having a second salary to fall back on also allows the manager to take more risks with employer changes than if he were the sole provider."

Full details Page 7

Government estimate of fall in canal freight 'misleading'

BY LYNTON McLAIN, INDUSTRIAL STAFF

GOVERNMENT estimates of freight carried on canals were "deliberately misleading" to avoid large expenditure on inland waterways, the Committee for Environmental Conservation has claimed.

The committee said that Government figures in response to the fourth report of the Select Committee on Nationalised Industries were highly misleading, were incomplete and chose to omit recent information.

This showed that there had been considerable growth in freight transport on canals.

The White Paper in June said that commercial traffic had declined markedly since the early 1950s, particularly in the 1960s and 1970s.

Only 43m ton-miles were recorded by the Government in 1976, compared with 94m in 1968 and 211m in 1953.

The latest figures for this year showed that freight carried was up 20 per cent on 1976, the environmental committee said.

Mr. Denis Howell, Minister of State at the Environment Department, said last month that there had been a "dramatic drop" in freight tonnage on the canals.

Only 300 miles of the 2,000 miles of canals could carry freight, he said.

The British Waterways Board said last week that freight on the canals had increased in the first six months of this year.

DENIS HOWELL

'Dramatic drop in tonnage'

The number of tonne-kilometres had risen 17.6 per cent, and nearly 7 per cent more tonnes of freight had been carried compared with the same period last year.

Call for more light on bulbs

BY LYNTON McLAIN, INDUSTRIAL STAFF

A CALL for legislation to control and extend the labelling of domestic light bulb packets is expected to be included in a report to be considered by a Commons select committee this week.

The science and technology sub-committee of the Commons expenditure committee had hoped to publish the results of its investigation into the durability of filament and discharge lamps before Parliament rose on Thursday.

The need for independent analysis by two university academics delayed resolution of the issues raised in evidence and there were accusations and counter-charges about British lamp companies.

The full report will be published in September. But the key issue of whether or not British lamp companies had done enough to make and market long-life lamps is likely to feature only as a secondary issue after a call for legislation on labelling.

The MPs may demand that consumer protection legislation should be strengthened along the lines of regulations in the U.S.

The U.S. Federal Trade Commission in a trade regulation rule said it was an "unfair method of competition and an unfair and deceptive act of practice" to fail to disclose the power consumption in watts, the light output in lumens and the average laboratory life, in hours.

British lamp manufacturers tend to display only the wattage of a lamp on a packet, leaving consumers unaware of how much current is converted to light and how long it will last.

Extra acres

AN EXTRA 176 acres is to be added to Livingston New Town, West Lothian, to allow for industrial expansion. The land is already owned by the development corporation and brings the total area of the town to 6,800 acres.

Unions seek plants for North-West

BY RHYS DAVID

A FIRST shot in what is likely to be a major regional battle for jobs created in the microelectronics industry has been fired in the North West.

Following the National Enterprise Board's announcement of £25m support for a new company, Inmos, being set up to manufacture advanced integrated circuits, the North West Council of the TUC has written to MPs in the region urging them to secure the location of the manufacturing plants in the area.

The unions base their case on the North West's 7 per cent unemployment rate. Some areas, such as Merseyside, have an unemployment rate in excess of 12 per cent.

The new company, brainchild of two Americans and a Briton who have been working in microelectronic technology in the U.S., is expected to employ about 4,000.

The North West has experience in the electronic field. ICL, the UK computer company, has its main manufacturing base in Manchester and other important groups in the region include Plessey, the telecommunications manufacturer.

More than 1,000 jobs have been lost at Plessey's Liverpool plants as a result of changes in Post Office telecommunications requirements.

Because of its international nature, the new industry would require good communications. The North West could provide these with Manchester Airport, Mr. Colin Barnett, TUC Secretary in the region said yesterday.

The TUC Regional Council will try to persuade political parties in the run-up to the General Election to consider creating a development agency for the North West, on the lines of the Scottish and Welsh Development Agencies.

The council has expressed concern at the proliferation of industrial development bodies in the region. Both Greater Manchester and Merseyside have recently established significant new economic development organisations.

"The North West TUC believes that such efforts and activities should be directed within a coherent regional framework.

"It would be a retrograde step if the various areas within the North West were to become involved in intense competition with each other for the available and scarce resources," Mr. Barnett said.

The TUC favours a co-ordinating body to bring together the work of the various groups in the area.

Such a move could help to ease fears that the Scottish and Welsh Assemblies will place the area at a disadvantage in the competition for resources.

UK circuit board output falls

BY JOHN LLOYD

A VITAL area of microcircuit technology has so far been ignored by the Government in its efforts to make the U.K. competitive in advanced electronics, and it is an area in which British manufacturers are steadily losing ground to importers.

A report by consultants Larsen Sweeney on the printed circuit board industry claims that this component—which forms the base for microprocessors and may cost 304 times as much—is, when made in the UK badly manufactured, expensive and delivered late.

By contrast, imported circuit boards from Germany or France are cheaper and of better quality. Imports have jumped from 9 per cent of the domestic market in 1970 to 38 per cent last year.

The market itself has grown from £17m-£20m in 1970, to about £57m last year. This is more or less static in real terms.

But as Britain embarks on a rapid expansion of macroprocessor and microcomputer memory manufacture, the market is expected to grow rapidly. The report concludes that British manufacturers will be ill-placed to benefit from this growth.

Domestic production of circuit boards has fallen from £15.5m in 1970 to £11.8m last year in real terms. At present prices, the volume of domestic production is now worth about £35m.

There are about 400 manufacturers of circuit boards in the UK, mostly very small. None has more than 6 per cent of the market.

Low profitability is a major cause of the UK's relative lack of success. Average net pre-tax profit of the top 20 manufacturers is only 3 per cent, and most of the other companies are unprofitable.

This compares with average net pre-tax profits of the top German manufacturers of 30 per cent, the Swedes at 21 per cent, the French at 18 per cent and the Dutch at 14 per cent.

The report forecasts that British manufacturers will fall still further behind their European and U.S. rivals in production and product development.

The number of UK board manufacturers will be reduced by half by the mid-1980s.

Credit curb bars growth—bank

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE EXPANSION of economic activity sought by the Government will be difficult to achieve in view of its own monetary constraints on domestic credit expansion, according to the latest quarterly review from the Midland Bank published this morning.

A lengthy discussion of monetary policy concludes that, as long as the limit on the growth of sterling M3 (cash and bank deposits) is successfully observed, it is "doubtful wisdom" to insist on strict adherence to the limit on domestic credit expansion in view of the costs this might involve for the domestic economy.

Sterling M3 provided a more appropriate way of "monitoring the overhang of purchasing power which is a potential risk of an inflationary avalanche" than a domestic credit limit.

Consequently, sterling M3 should be restored to the position earlier given to it by Mr. Denis Healey, the Chancellor, as "the focus of our monetary policy." The 8-12 per cent limit could be achieved "without any significant problems in selling public sector debt to financial institutions."

However, the successful achievement of the £6bn domestic credit limit for 1978-79 would probably depress share prices, and also mean that the economy's real growth rate is likely to be sagging towards the beginning of the next financial year to an annual rate below the 2½ to 3 per cent range expected for this year.

Moreover, this might mean that the fall of one or two percentage points expected in short-term interest rates in the next few months would subsequently be reversed and the upward path resumed at the end of 1978-79 towards around present levels or somewhat higher.

The review suggests that the growth of living standards will slacken towards a more normal rate as annual price inflation begins to move upwards to a level of perhaps 11 to 12 per cent in the first three months of next year.

In another of a series of economic analyses appearing this morning, the London Business School comments that the Government's economic package may have ensured short-run consistency between fiscal and monetary policy, but in the longer term, fiscal policy was inconsistent with hopes of keeping inflation in single figures.

No increases policy would succeed unless it were accompanied by policies designed to achieve a consistent exchange-rate path.

The same monetary constraints applied whether the U.K. joined a fixed European exchange-rate system or unilaterally decided to hold the rate. "If the Government seriously wants to control inflation, a reduction in the budget deficit will be essential."

From the City, brokers Montagu, Loebl Stanley and Co. contend that, while it was still probable that short-term interest rates would fall over the next two months, the decline was likely to be marginal. To stimulate sales of gilt-edged stock later in the year, Minimum Lending Rate would have to be raised.

The brokers remain firm in their view that the 12-month rate of retail price inflation will peak at 11 per cent in the first half of next year.

"Consequently, despite short-term uncertainties, we are reasonably optimistic about the outlook for long-dated gilt-edged stock, on inflation criteria, once the election is out of the way."

The latest monthly economic survey from stockbrokers de Zoete and Bevan comments that corporate profit margins appear to have reached a cyclical peak which is significantly below the peaks of earlier cycles. Thus the recovery in corporate investment should be minimal.

The brokers say that, in spite of the rise in unemployment in July, the underlying downward trend since last autumn should continue for the rest of the year, and probably until next spring.

Social wage expected to rise this year

By Peter Riddell, Economics Correspondent

THE SOCIAL WAGE—the value of Government social programmes for each worker—is expected to rise slightly in the current financial year, but to remain below the level of three years ago.

A Parliamentary written answer discloses that the social wage per head of the working population in Great Britain is expected to be £1,521 in 1978-79, at constant 1977 prices.

This works out at a little more than £29 a week, compared with average weekly earnings of about £75 for adults.

The concept of the social wage was devised in order to show how much social programmes benefit each worker. It was widely discussed about four years ago, when social expenditure was rising rapidly, and was part of an attempt to persuade workers to accept restraint on their money wages.

Spending cuts

The social wage has fallen since 1975-76 as a result of public spending cuts from £1,532 per head to £1,486 in the last financial year. A rise of 2.3 per cent is projected for 1978-79.

The estimates are based on last January's public spending plans. The social wage is defined as expenditure on housing, other environmental services, law, the police and protective services, education and libraries, science and arts, health and personal social services, social security, food and transport subsidies and concessionary fares.

Accountants oppose State curbs

By David Freud

PROPOSALS TO widen the powers of the Government's Exchequer and Audit Department have been attacked by the Consultative Committee of Accountancy Bodies.

Last September the Commons Expenditure Committee argued in a report that the department should take a more positive role in monitoring managerial efficiency in the Government bureaucracy, as well as measuring the effectiveness of policies.

The committee's proposal was rejected in the Government's White Paper reply, published in March. Now the Consultative Committee of Accountancy Bodies has come out largely in support of the Government line in evidence presented to the committee.

The accountants said: "We recommend that the concept of value for money auditing should not at present be extended to review the efficiency of policies, but should be limited to reviewing the operating efficiency of management and administration within the parameters of established policy."

Agreed

They agreed with Sir Douglas Henley, the Comptroller and Auditor General, that monitoring efficiency would require the recruitment of a substantial number of highly trained personnel of various disciplines, which would not be cost effective.

The accountants also came out against the Expenditure Committee's proposal that the department be enabled to audit any account, public or private, into which public money goes, on the lines of U.S. practice.

They stated: "The economics and cost effectiveness of the concept should be carefully weighed. Full advantage should be taken of the nation's auditing skills, rather than limit the work to a specific group, such as the department. It would plainly be more economic and a more effective use of scarce resources to integrate any such special reviews with existing audit arrangements."

Girling, CAV name change

TWO OF the four main operating companies of Lucas Industries assume a closer identity with the parent company from August 1.

CAV, the diesel fuel injection and heavy duty electrical equipment subsidiary will be known as Lucas CAV. Girling, the brake systems subsidiary will become Lucas Girling. Bryce Berger, a CAV subsidiary, will be renamed Lucas Bryce.

Radio revenue

REVENUE to Independent Local Radio for June amounted to £2.4m bringing the total for the first half of the year to £13.1m, compared with £10.3m for the first half of last year.

Civil engineering work still well below full capacity

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE UK civil engineering industry is continuing to work well below full capacity, according to a survey by the Federation of Civil Engineering Contractors.

The survey, published today, shows that although the declining trend of work over the last three or four years has levelled out, there has been no significant pick-up in spite of recent Government moves to stimulate output.

There are, however, marginally more civil engineering contractors optimistic about future work prospects. According to the survey, 39 per cent of the contractors taking part in the federation's inquiry expected an increase in business over the next 12 months while another 36 per cent thought the situation would remain unchanged.

At the same time, 44 per cent said their order books were in better shape than a year earlier.

The contractors say that staff reduction is still continuing, although not at as great a rate as earlier this year. They also continue to experience a high level of under-utilisation of plant.

To add to their problems, the contractors are still experiencing shortages of certain materials and specialised components, probably because of previous cuts in production. But they say that the general supply position is satisfactory.

The federation said: "Firms have reported increasing activity in invitations to tender. While this does not appear to be matched at present by actual contracts placed, contractors are a little more optimistic about the work outlook.

"Unfortunately, this optimism does not extend to any substantial expansion of the workforce, which implies that companies have retained labour during the decline and that the slack is beginning to be taken up."

Rothermere's £3.7m will

Viscount Rothermere, chairman of Associated Newspapers for 38 years, who died on July 12 aged 80, left £4,072,870 gross, £3,781,671 net, according to his will, published at the weekend. He left his property to his wife Mary Viscountess Rothermere.

Building site waste put at over £300m

BY OUR BUILDING CORRESPONDENT

WASTE on construction sites costs the country at least £300m a year and the industry must step up efforts to end this, the Institute of Building says in a report published today.

In a consultative document on materials control and waste in building, the institute calls on the entire construction sector to make a concerted effort over waste.

A 1976 estimate from the Building Research Establishment of on-site losses totalling £300m a year is now likely to be too low.

Inflation, with waste incurred on maintenance work and on non-site operations, may push the figure substantially higher.

"Waste seen at site is not necessarily caused by the site. It is frequently caused by the inadequacy of design, specification, supplier design, handling packaging and co-ordination.

"Waste is not only a site problem, it extends to the building company, to every corner of the industry and in some cases, outside it," the report says.

The institute calls to the Government to ensure that state-owned companies and public utility operations improve contractual relationships with builders employed.

Materials control should be regarded by the building company as equal in importance to other functions, such as planning and safety.

Materials Control and waste in building, 108 Kings Ride, Ascot, Berkshire SL5 8BJ.

Government may buy two ship simulators

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE GOVERNMENT is urgently considering buying two £500,000 ship simulators in its attempts to improve training in safety at sea.

A firm decision to buy two machines is expected in two months. The machines will almost certainly be British, and there are good prospects for export sales, according to Mr. John Archer, Under Secretary in the marine policy division at the Trade Department.

He told MPs investigating ways of preventing tanker collisions and strandings that the British Government had only one ship simulator, at Warsash in Hampshire, and this was a "good deal cheaper than other simulators."

Russian merchant marine interests had already visited the Warsash machine and were potential customers for the training service and for complete simulators to use in the Soviet Union.

There was a great demand in Britain for more simulator capacity to provide navigation and steering training on land for masters and crews of oil tankers and other vessels.

Mr. Archer told MPs on the trade industry sub-committee, which has now completed its work on tanker safety, that there was also a need for radar collision avoidance simulators.

Airships may be built on Isle of Man

By Maurice Samuelson

AIRSHIPS capable of lifting heavy equipment may be built on the Isle of Man if talks between the island authorities and a private company are successful.

Skyships, which registered in the island last month, is proposing to build saucer-shaped airships filled with helium. They could be used, among other things, for recovering bulky construction equipment that might otherwise be abandoned after use.

Mr. Tim Rexvill, a director of the company, claims that there is a world market for airships. Skyships would shortly apply for Manx Government aid and he hoped the response would be affirmative. A factory could provide more than 100 jobs.

The airships would be powered by jet engines. Amodel is expected to be shown soon when an announcement on the future of the project may also be made.

More home news on Page 22

In London, Mr. Terry Walker, of the Manx Government Information Office, said that "a project of this type" would be eligible for an industrial grant, although he could not anticipate the Government's decision.

The Manx Industrial Board gives grants of up to 40 per cent of the cost of new plant and machinery, as well as training grants and easy credit terms.

Meanwhile, another company is close to launching the first commercial airship built in Britain for nearly 50 years.

Aerospace Developments, of London, has built a 184 ft long airship at Cardington, Bedfordshire, for a Venezuelan company, at a cost of £760,000. It has an order for a second craft from an Argentine concern.

The AD500 is of the traditional cigar shape. It is powered by twin petrol engines, with swivel propulsor units, and is designed for a maximum speed of 72 mph. It will be lifted by 180,000 cu ft of helium in a flexible Dacron and polyurethane skin, its reinforced plastic gondola has room for two crew and eight passengers.

Monitoring

Mr. John Wood, joint managing director of Aerospace Developments said that after inflation of the airship there would be calibration and communication tests. He hoped it would then be inspected by the U.S. Naval Air Systems Command.

Designed for aerial surveillance rather than heavy freighting, it would be ideal for coastal patrol. The Argentine buyers of the second airship were interested in using it for pollution monitoring and traffic control.

● Last year, the West German Government pulled out of a project to use airships for heavy transport work in Africa after experts said it was uneconomic.

HOME NEWS

ONE YEAR AFTER RE-ORGANISATION

Price Commission in search of independence

Few will celebrate the re-organised Price Commission's first birthday this week. ELINOR GOODMAN, our Consumer Affairs Correspondent, investigates the reasons for this.

THE NEXT 12 months could see the Price Commission taking a more independent stance with Government. That, at least, is the impression Mr. Charles Williams, chairman of the commission, would like to create.

A man with well-developed political antennae, he is clearly aware that, in a run-up to a possible General Election, it is unwise to be too closely identified with a single political party, particularly when one of them feels that his organisation has too much power to intervene in private industry.

He believes that, with one year's experience under its belt, the commission has the competence and credibility to take on issues such as labour productivity, which it has mostly managed to avoid so far.

There is room for the commission to do more work in the policing of mergers once they have taken place according to Mr. Williams.

Few will celebrate the re-organised Price Commission's first birthday this week. The Tories will not—if their leader Mrs. Margaret Thatcher's description of it as a "Star Chamber with Mafia-like powers" is anything to go by.

Mr. Roy Hattersey, Prices Secretary, may stand by the system of price controls introduced last August, but there are those in his party who describe the commission's attitude as "wet."

Industry regards the commission as, at best, a waste of time and, at worst, as a threat to profitabiliy.

In private, some industrialists are less harsh, saying that a commission investigation might help them get their point across to workers or Government.

Rather more admit that the commission is the least of its worries. Unions do not seem to have been particularly interested in the commission.

Mr. Williams is aware that the commission has not made many friends. Some Government departments have tried to see it off like sheep dogs protecting a flock from a stray dog.

He maintains that the commission has achieved much in the last year, and that, provided its powers are not shorn, it will come into its own over the next two or three years.

There were bound to be teething problems. Many commission staff were used to the mechanistic approach of the old Price Code and were uneasy with discretionary powers given to it last year.

Some early reports, such as those on the fuel cost adjustment factor in the electricity industry, showed these problems.

Others, such as that on Metal Box, disclosed the commission's unwillingness to get involved too early in the question of labour efficiency.

But Mr. Williams feels that the Commission now has behind it a record of producing "professional, competent and well-balanced reports." It has published 26 (20 on individual companies and six on industry sectors).

He has not been satisfied with all of them, but believes that some — such as the reports on British Rail and London Transport, would stand up to any test.

Such studies have, he maintains, given the commission the credibility to take a more independent stand with the Government.

He would like the commission — or perhaps the Office of Fair Trading if his commission were merged with the Monopolies Commission — to have the power to decide which sectors of industry to study.

Now the commisison is only able to decide which particular companies need investigating, while industry sectors are referred to it by the Department of Prices.

The sectoral reports are, he believes, a particularly important part of the commission's work.

They enable the commission to tackle an issue in a way more difficult to achieve when restricted to looking at one company.

Sectoral examinations also provide the commission with background information needed for future decisions when companies within the same sector want price increases.

Mr. Williams has always seen the commission's role as a long-term one.

Though in favour of merging it with the Monopolies Commission, he believes that it is essential that the Price Commission's powers should be retained—preferably without the numeric profit safeguards which, he feels, have undermined the commission's effectiveness this year.

He makes no apologies for the commission's negligible impact on inflation over the last 12 months—just under half the reports have resulted in any kind of commitment by the companies involved to restrict prices.

He has always seen the job more in terms of improving industrial efficiency than in cutting prices.

Improving efficiency through price control is not going to be a quick process. In November, Mr. Williams talked of a ten-year programme.

In the last year, he has been confronted with the problem of what the commission can do if it finds a company to be inefficient.

It could hardly broadcast a company's financial problems but it could perhaps be more outspoken about the quality of management.

In some industries examined, such as footwear, the commission's activities have already resulted in more competition.

In answer to those who criticise the commission for being nothing more than a cosmetic device, Mr. Williams claims it not only increases competition by looking at a sector, but also ensures that monopoly profits are not being made at the public's expense.

Mr. Williams' conception of his job has evolved over the past 12 months, but his basic belief that lack of competition is one reason why British industry lags behind that of so many other countries remains.

MR. CHARLES WILLIAMS
'bound to be problems'

When he took the job, he said that the commission would be more properly named the "Commission of Market Imperfection." Its work has borne out this.

Virtually all its reports have covered areas where competition was thought to be less than perfect and those common themes which have emerged from the commission over the past year relate to this point.

Broadly, these common themes can be said to be a dislike of uniform prices which take no account of the cost of delivering goods to different points a preference for more openness in pricing; and a belief that companies should not automatically be allowed to subsidise inefficient operations by high profits made in other divisions, where competition is less.

This latter point is the one that has made industry most nervous.

Whichever party wins the next election, it is likely that the commission will eventually lose its separate identity.

Mr. Williams, a Labour Party supporter, is obviously aware that chances of the commission retaining its powers within a merged Prices and Monopolies Commission would be greater under a Labour Government.

For the moment, he is keeping out of party politics in public. But he admits that his life will be easier when the Election is over and his every move will not be interpreted as a political manoeuvre.

Tories study merger laws

BY OUR CONSUMER AFFAIRS CORRESPONDENT

COMPANIES would be required to justify large-scale mergers by showing them to be in the interests of consumers under proposals being examined by Mrs. Sally Oppenheim, Shadow Minister for Prices and Consumer Protection

The idea would be to change the criteria by which mergers were judged to give more weight to consumer interest and less to such issues of public interest as employment.

The aim, like that of the Government's committee on competition policy, would be to reduce the number of mergers between large companies which at present are allowed through unchallenged.

The Tories would probably try to achieve this by narrowing the definition of the public interest rather than by altering the basic assumptions on which the present legislation rests.

A number of ideas in the field of competition and consumer protection are being mooted by Mrs. Oppenheim.

Though she is not prepared to say exactly what Conservatives would do with the Price Commission, which she has attacked bitterly in the past, she says that they would review all the bodies in this field to see to what extent they overlap and whether new powers were needed to deal with such things as restrictive practices.

One organisation which apparently would not be cut, is the Government - financed National Consumer Council.

Last time the Tories came to power they killed the old Consumer Council, much to the indignation of the consumer lobby, and it had been thought that the same fate would befall the present Council if they were elected again.

Mrs. Oppenheim, it seems, has told the Council, that she thinks it has a role to play in the future.

Its remit might be narrowed from representing consumers' interests across the whole spectrum of national issues to a narrower one, dealing primarily with the public sector.

The whole field of competition policy is being studied by the Government.

The first part of this review recommended increasing the number of mergers scrutinised by the Monopolies and Mergers Commission and altering the basic premise behind the existing legislation.

In place of what it saw as the present essentially favourable approach to mergers, the Government committee proposed that the Monopolies Commission should adopt a more neutral approach.

It favoured retaining the basic definition of the public interest, encompassing such things as regional employment and encouraging exports, as well as protecting consumers' interests.

Mrs. Oppenheim supports some of the committee's findings, but does not believe that employment considerations are the Commission's primary business. She says that if the commission gave more weight to the consumer's case fewer mergers would be approved.

M-way catering findings may be published soon

FINANCIAL TIMES REPORTER

MR WILLIAM RODGERS, Transport Secretary, is preparing to publish the findings of an official inquiry into petrol prices and catering standards on British motorways.

A committee headed by Mr. Peter Prior, chairman of H. P. Bulmer, the cider company, has been looking at prices and restaurant standards on motorways for the last six months.

The committee, set up after complaints over poor food and high prices, has sent Mr. Rodgers its report, which is understood to call for an improvement in standards in some service stations. It says that the aim should be to bring the average standard up to that of the best existing service stations.

A member of the committee said yesterday that the report, written with advice from an independent firm of catering consultants, had endeavoured to give a balanced view.

● A writ for libel and slander was issued at the weekend against Lord Bernstein, chairman of Granada, by Mr. Egon Ronay, whose organisation has produced a report on motorway catering. The proceedings come after Lord Bernstein's criticisms of Mr. Ronay at a Granada service station last month.

Thames Nitrogen plant to re-open

By Kevin Done, Chemicals Correspondent

THAMES NITROGEN, which was forced out of business more than a year ago because of severe competitive distortions in the nitrogen fertiliser market, hopes to resume substantial production this week.

The company closed its 100,000 tonnes-a-year plant at Rainham, Essex in March last year.

It claimed that nitrogen fertiliser prices were being kept artificially low in the UK, because of Imperial Chemical Industries' access to cheap supplies of ammonia, the raw material for the fertilisers.

ICI is the dominant supplier in the UK, with more than 50 per cent of the market. It manufactures its own ammonia from North Sea natural gas (methane) which it receives under a 15-year contract with British Gas.

The price of the gas supplies was fixed in 1969, before the 1973 quadrupling of oil prices and there has been little room for price escalation.

Other fertiliser manufacturers forced to buy ammonia on the world market at much higher prices found it difficult to compete, while Thames Nitrogen, with 7 to 8 per cent of the UK market, was forced to close.

Late last year, British Gas renegotiated the supply contract, when ICI agreed to pay substantially higher prices, thus increasing nitrogen fertiliser prices.

This in turn has allowed nitrogen fertiliser prices to rise by 15 per cent in January and another 10 to 11 per cent in June.

These price rises, combined with a fall in world ammonia prices, has allowed Thames Nitrogen to resume business.

About 125 employees have already been recruited and trained. Another 25 are expected to join the company by October, when full production should resume.

British Steel hits at its critics

BRITISH STEEL, which last year ran up a loss of more than £1m a day, has hit back at its "sneering critics."

"We are not the stupid, lazy, careless steelmen that the knockers would have the world believe," said Steel News, the corporation's monthly newspaper. It has devoted nearly half its latest issue to hitting back at "BSC bashers."

The paper lists eight facts about British Steel which all its employees are urged to use to "clothe themselves" against the nasty things being said about them.

"The reasons for our losses have been distorted, our internal differences exaggerated. Most of us are absolutely sick of these constant attacks."

The paper says: "We reversed the investment trend. Our investment record was the worst in the developed world. Then we began investing so hard and so fast that we shot to the top of the world investment league.

"Then we werehit by world slump after the big rise in oil prices. Developed nations were hit hard, and no longer was there money for bridges and boats, hospitals and homes, roads and railways, schools and shopping precincts.

"Then we were hit by world surplus. Developing nations began pouring steel out on to the world market, as did the countries of Russia's common market bloc.

"We are taking action on imports, we are cutting costs and manning, we are holding our losses, we are increasing our market share, we are enjoying more customer satisfaction."

LABOUR NEWS

Election unity on Congress agenda

By Our Labour Correspondent

THE TUC's task in reconciling deep union resentment against a further Government wage ceiling with the paramount need for pre-election unity at the September congress is revealed in the congress agenda published today.

The National Union of Public Employees says a re-elected Labour Government should commit itself to a different strategy, whose main points should be included in the election manifesto.

NUPE wants more state ownership, public supervision of companies, investment policies, controls on inward and outward investment and a "national planning centre" to draw up a national economic plan.

It wants a big increase in housebuilding, local authority control of rented property and public ownership of land required for public housebuilding. Defence spending should be slashed and wealth redistributed on a large scale.

By contrast, the right-wing-led engineering union merely calls for trade union support of Labour, and congratulates the Government on its record in office.

Priorities

The pay policy itself is attacked by most of the unions, although some, like the municipal workers and NALGO, the local government officers, qualify their attack.

The municipal workers union says that the TUC itself should set negotiating priorities, while NALGO endorses the Government's plan for annual agreements at national level on what the country can afford.

Some of the other public sector unions are concerned mainly to ensure that the private sector will not be allowed to win bigger pay rises than their members.

At the other end of the spectrum, the miners, the white-collar unions TASS and ASTMS, the clerical civil service union CPSA, print unions and others call for a straightforward return to free collective bargaining.

A number of resolutions say the TUC should support any union that takes action against the 5 per cent limit of Phase Four that comes into effect tomorrow.

At least ten unions have put down motions directly dealing with unemployment and calling for the 35-hour week.

Welcomed

The threat to jobs posed by new technology, particularly micro-electronics, is noted by four unions.

The staff section (TASS) of the engineering union and the Society of Civil and Public Servants welcome the National Enterprise Board's involvement in micro-processors, but say the social consequences must be studied with retraining for displaced workers.

TASS wants protection of society from "further exploitation by Governments and multinationals using micro-electronics."

Boyd call for more craft pay

By Christian Tyler, Labour Editor

THE GOVERNMENT is criticised today by one of its strongest supporters in the Labour movement for not allowing craft differentials to be redressed outside the 5 per cent limit on pay settlements set for Phase Four of the incomes policy.

Mr. John Boyd, general secretary of the Amalgamated Union of Engineering Workers, writing in the union journal on the eve of Phase Four, says the Cabinet has "erred badly in its judgment by its weak, almost meaningless," references to flexibility.

He says the White Paper is vague in its promise of special treatment to a few groups in the next round.

There should have been a clear-cut recommendation to allow an additional percentage of the national wages bill to be used for improving established and recognised differentials, for supervisors and managers as well as craftsmen.

'Wrong policies'

Mr. Boyd defends the Government's right to "advise" the country of what it thinks can be afforded in wages, and warns the union's 1.5m members that they will have to "live with the results of our decisions" in favour of free collective bargaining and a big increase in minimum pay rates.

He says that the Cabinet should have allowed for the fact that "differentials have been dangerously minimised by both wrong trade union policies in the past and recurring incomes policies."

Whatever his misgivings about Phase Four Mr. Boyd is likely to be prominent in his defence of the Government at September's TUC, for which the Right-wing-led AUEW has put down a motion supporting Labour in the election and congratulating the Government on its achievements of the past four years.

TUC committee urges change in ACAS role

BY CHRISTIAN TYLER, LABOUR EDITOR

A TUC committee has suggested that the Advisory, Conciliation and Arbitration Service, should be removed from the arena of trade union recognition.

The service has found itself at the centre of legal and political debate because of the notorious Grunwick case and others involving management unions or non-TUC staff associations.

The TUC's employment policy and organisation committee is now suggesting that union-employer recognition disputes be taken straight to the Central Arbitration Committee, which under the present system, can become involved only after the advisory service has failed.

This proposal follows the failure of two TUC-backed Private Members' Bills to amend the Employment Protection Act's recognition procedures, in the wake of the unsuccessful Grunwick fight.

The committee does not appear to favour any further attempt to strengthen ACAS' hand against employers, possibly because additional legislation could bring more problems than it solves.

Mr. Jim Mortimer, ACAS chairman, is known to be dismayed at the extent to which the organisation's decisions have been challenged in the courts, and at the way in which controversy is damaging the service's good name on the conciliation front.

One of the management unions with which ACAS has become embroiled is the TUC-affiliated Engineers and Managers' Association, which has been bidding for recognition in private engineering and in the nationalised shipbuilding industry against the combined weight of already recognised TUC unions.

The association published its reply at the weekend to a circular to unions from the TUC committee, rejecting the idea that the Act should be amended to allow ACAS to withdraw from determination of recognition cases.

Instead, it said that ACAS should be able to make legally binding recommendations and should have legal powers to force employers to co-operate in questionnaires.

It should recommend union recognition if a clear majority of the workers concerned wanted it, provided that no other union had bargaining rights or majority membership.

ACAS' governing council of nine should be extended by the addition of five independent seats.

Sun peace talks this morning

By Our Labour Editor

AN ATTEMPT to settle a journalists' pay dispute at the Sun, which has caused the loss of seven consecutive issues, will be made today by the Advisory, Conciliation and Arbitrations Service.

ACAS officials will meet representatives of the company, the National Union of Journalists and the Newspaper Publishers Association this morning.

On Friday, the union's executive gave official backing to the dispute after the 220 editorial staff had been dismissed for taking industrial action

The journalists are claiming, in addition to a 10 per cent Phase Three pay rise, a productivity deal that would bring the total pay claim to an average of around £2,000 a year.

Last week the paper said that it was not so much the size of the demand as the union's interpretation of what constituted a productivity deal that was the problem.

It had not been able to devise a productivity arrangement acceptable to the Department of Employment which did not involve either an increase in working hours or a cut in jobs, both of which the NUJ members had rejected.

Building and Civil Engineering

£12½m plus for Laing

CONTRACTS TOTALLING more than £12½m—for a hospital block, dairy and industrial estate—have been awarded to John Laing Construction.

In Dudley, a 419 bed hospital block for the new Dudley General Hospital in Bushey Fields Road is to be built under a £10m-plus contract awarded by the West Midlands Regional Health Authority. This will be of precast and in situ concrete with cladding mainly of glass-reinforced concrete panels. The scheme will also involve constructing a new medical gases compound, re-siting pathology laboratories plus engineering work and landscaping.

Work has just started on a new £1m production plant and head office for Kirby and West, Leicester's main dairy. The new milk and cream processing plant in Richard III Road will replace the present head office in Western Boulevard, a quarter of a mile away, when it is completed next year.

Under a £1.5m contract from the British Steel Corporation, the company is to provide the infrastructure for an industrial estate on the site of a former steelworks in South Lancashire. Work there will include the construction of a 1¼-mile access road, foul and surface water sewers, and the installation of electricity, gas and Post Office services to the new development.

Cooked meat plant

A CONTRACT valued at over £1m for the construction of a two-storey building at Outwood, near Wakefield, Yorkshire, for the manufacture of cooked meats, has been awarded to Miller Construction, Wakefield, by Associated Dairies of Leeds.

Production and storage areas will be on the ground floor with office, toilet, canteen, laboratory and plant equipment on the first floor and in a single-storey building. Construction is scheduled for completion in mid-June 1979.

Biggs Wall contracts top £6½m

PIPELINE construction and mains and services work worth nearly £3m is to be carried out by Biggs Wall and Co. under two contracts awarded by Eastern Gas. The first is the Cambridge/Huntingdon A604 pipeline diversion scheme involving the construction of over 19km of 200 mm and 150 mm coated seamless lined pipe. This is valued at about £400,000 and is to be completed within 12 weeks.

The second contract, worth £2.6m, involves a two-year period for gas mains and service laying which will be carried out in the Ipswich, Colchester, Chelmsford and neighbouring town areas and is due to be started later this year.

The latest work, coupled with other recent awards—including a two-year period mains and service laying contract in the Fens worth around £2.8m and various works for water authorities and the private sector of industry—bring the total value of contracts recently awarded to the company to more than £6.5m.

Coping with holiday sewage

THE SOUTH-WEST Water Authority has announced that its new £2.5m sewage treatment works at Totnes, Devon, is to use an oxygen-based activated sludge process. This major development in the holiday town will incorporate an on-site oxygen generating plant, said to be one of the first of its kind in the UK, supplied by BOC.

The delivered volume of gas at the works is 1.65 tonnes a day, which meets the sewage treatment plant's requirements of about 1.5 tonnes of oxygen a day. BOC is also providing support liquid oxygen, a combined supply package stated to be unique in this country.

In all, the SWWA is spending £7m on new sewers, diverting existing sewers in Totnes and the surrounding area, a new sewage treatment works and a flood alleviation scheme in Totnes.

The new sewage treatment plant is being constructed by Wimpey Unox and will allow for a projected population of 26,000 with room on site to develop and cater for a further 13,000.

An oxygen-based system was chosen because of the smaller capital investment involved and other advantages are the minimal odours at the works and the flexibility to meet holiday influxes. These principles are said to have been proved by recent installations by BOC at Bournemouth, Hants., and Charmouth, Dorset.

£2½m worth of work in hand

WORK HAS started on the second phase of Brown and Jackson's development at Priestley Road, Manchester, comprising 112,750 square feet of light industrial and warehousing accommodation. A similar design and build package for 100,000 square feet of space at Shepcote Lane, Sheffield, worth £837,000, will start in September.

Other work being carried out by the company includes a £127,000 extension to the Vulnax Plant for ICI Organics Division, extensions at Bolton for Williams and Glyn's Bank worth £144,000, and a new public house for Greenall Whitley in Manchester at £148,000.

Road work for Mowlem

KENT COUNTY Council has awarded a £3.5m. contract to John Mowlem to build phase two of the Sandwich by-pass in East Kent.

The contract calls for the construction of a 24 ft wide single carriageway, 3.7 miles long, on the west side of Sandwich linking up the A256, A257 and A258. This is intended to relieve the town of traffic travelling between Margate, Deal and Dover, and of the large volumes of traffic generated between Sandwich and the industrial Estate.

The road will be of flexible black-top construction and have a 3.3 ft wide hardened edge strip. Work includes the building of four roundabouts and three bridge structures. The main structure will be a 920 ft long 11-span viaduct over the River Great Stour. Work is due to start at the end of August and take two years.

A second road contract, worth £200,000, awarded by the City of London, involves resurfacing Tower Bridge. This includes re-decking and resurfacing of the lifting bascules. The work will be carried out during week-end possessions of the bridge and will start in September with completion anticipated next spring.

Mears £2m jobs in UK

FIVE CONTRACTS together valued at over £2m have been won by Mears Construction.

The first three jobs are for local water authborities and include a project valued at over £1.1m for new sewage treatment works in Gravesend, Kent.

The value of a contract from the Anglian Water Authority is £422,000 for the construction of a sewage treatment works at Hitchin, and a job for the Thames Water Authority, at £76,000, involves phase one of the River Roding flood alleviation scheme.

The company has also been awarded a contract valued at £162,000 by the London Borough of Camden for the replacement of an existing canal side retaining wall between the future Elm Village Development and the Regent Canal.

Finally, in South Wales, the company is to undertake a £323,000 contract, awarded by the South Pembrokeshire District Council, for cliff protection to the holiday resort of Tenby.

The new Metro rail bridge over the River Tyne is now nearing completion and tomorrow the last piece of decking will be lowered into position ceremoniously by the chairman of Tyne and Wear County Council. The bridge was built by a consortium formed by Cleveland Bridge and Engineering Co. and Cementation Construction. Consulting engineers are W. A. Fairhurst and Partners. Following tomorrow's mid-span closure of the decking, rail tracks will be laid and the bridge painted green.

Warehouse extension

HUNTING GATE Construction has just started work on a large extension to an existing warehouse let to the SU Butec division of BL Components at Thame, Oxfordshire. Designed to complement the existing 63,000 sq ft of warehouse and office facility, the 24,000 sq ft extension costing around £½m, is scheduled for completion at the end of this year.

Construction work is taking place on land developed in partnership with South Oxfordshire District Council, and follows on from more than 130,000 sq ft of building already completed on the site by the company.

The group says that its built and retained properties now exceed £1m in annual rental income from almost 100 tenants.

Two awards to Tilbury

TWO CIVIL engineering contracts in Sussex together worth £636,000 have been won by Tilbury Construction.

Under the larger contract, worth £378,500, Tilbury is to construct an access road and carry out ancillary work at the Beecham Pharmaceuticals plant at Clarendon Road, Worthing, Sussex. Work has now started.

The other contract, for Crawley Borough Council and worth £257,357, is in connection with the Gatwick Road extension scheme and involves the widening of Radford Lane and construction of a roundabout, footways and fencing and drainage.

Polystyrene beads cut heat loss

THE POLYSTYRENE bead is the latest participant in the apparently never-ending debate on what constitutes the best insulation material for cavity walls in modern buildings.

There are apparently as many opinions on the subject as there are materials and the subject has recently received some less than welcome publicity following the activities of "cowboy" operators whose foam-fill operations cast a shadow across the whole industry and left many customers far from satisfied.

Now from Eljay Insulation, the Woking-based thermal insulation specialist, comes a development which promises to put fresh interest into the Great Insulation Debate.

Eljay began with the assumption that the most cost effective method of reducing heat loss is to minimise heat escape from walls and began its search for the ideal cavity wall insulating material.

It came up with the polystyrene bead, which it claims provides a high level of cavity insulation and, most importantly, preserves the original function of the cavity by permitting a limited amount of air movement through it.

Eljay believed most existing insulation methods were vulnerable to shrinkage and fissuring and absorbed potentially damaging water. After tests, which began in 1976, it concluded that the polystyrene bead carried no such disadvantages and was extremely easy to introduce to the walls in question.

John Stansfield, a director of the company comments: "The beads are inert and when blown into the cavity settle to enclose completely small obstructions such as brick ties, ventilator ducts and pipework. They cannot shrink, settle or crack and do not have to set. In addition, they will not support, absorb or carry water."

Eljay has put DRI-FIL through exhaustive tests, received an Agrement Certificate and has developed its own injection process for the product. It claims the beads will find a good market in the housing sector and eventually in factories and commercial premises as well. It has already won a £107,000 contract to inject DRI-FIL into 800 local authority homes for Aberdeen District Council.

The product, guaranteed for 30 years, is claimed to be up to 30-40 per cent cheaper than mineral wool but 20 to 30 per cent dearer than foam. It will cost, says Eljay, between £230 and £260 for the average three-bed detached home but will save up to £90 a year in fuel costs.

According to Mr. Stansfield "We expect DRI-FIL sales in the first year to reach between £350,000 and £500,000 and our growth will only be restricted by our ability to cope with demand. Higher building standards in every type of construction will demand ever-increasing levels of insulation and we think we have found a product to help meet that demand."

MICHAEL CASSELL

£6½m awards to G. Dew

CONTRACTS TOTALLING almost £6.5m have been awarded to G. Dew and Co., the Oldham-based civil engineering and industrial building contractor (part of the Royal Adriaan Volker Group of Rotterdam).

These include reconstruction of Eccles effluent treatment works costing around £2.4m for the North-West Water Authority, and design and construction of a factory and offices for International Computers at Ashton-under-Lyne at a value of about £2.6m.

Other work includes the design and construction of phase one factory and office extensions at Bamber Bridge, Preston, for Longton Machinery Supplies, at around £285,000; construction of paint shop and modifications to existing premises for Carrington Viyella Home Furnishings at Chinley, Derbyshire, value about £436,000; additional work at Sullom Voe for the Shetland Island Council for £300,000 and, also at Sullom Voe, a new auxiliary distribution depot for BP Oil, London, for about £460,000.

Over £1m for Wm. Tawse

ABERDEEN CIVIL engineering contractor, Wm. Tawse, has been awarded two contracts by Grampian Regional Council for the Department of Water Services.

One worth £339,309 is for an extension to Bracken Reservoir, near Turriff, and the other, at £70,466, is for phase two of the Collieburn trunk sewer at Peterhead.

IN BRIEF

● Block Plant Engineering of Ripley, Derby, has received orders valued at over £160,000 from a number of UK concrete block manufacturers for handling equipment.

● The Crane and Mining Division of Babcock Construction Equipment, at Rochester, Kent, has received an order for five tower cranes valued at over £118,000 from J. Jarvis and Sons.

● Scottish Equitable Life Assurance Society has awarded a contract worth £350,000 to Gilbert Ash Scotland for two warehouses at Govan, plus car parking and external landscaping. The buildings will be of steel frame construction with vinyl coated steel cladding and roofing and a power floated concrete floor.

● Westpile International, part of the WGI engineering group, has been awarded two contracts, totalling £120,000, covering the supply of piling components to its licensees for use in major projects in Mauritius and Spain.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AVIATION

Hydraulics will be kept in good trim

HYDRAULIC test installations for Tornado aircraft at two Royal Air Force establishments are to be designed by Vickers Hydraulics of Swindon.

According to the company, its system for this type of testing marks a great step forward in the development of aircraft testing techniques and it says considerable interest is now being shown by major airline operators.

In the past, aircraft hydraulic systems have been tested with the use of portable test rigs. But as flow rates and pressures have increased for modern aircraft, the noise emitted from these systems has become so intolerable that it has become common practice for some personnel not directly involved in the testing to leave the immediate aircraft vicinity.

This can lead to a significant [illegible] in the turn round time of aircraft being serviced, particularly as the changing of hydraulic components also [illegible] protracted running of the hydraulic test rigs while the aircraft controls are continually operated to de-aerate the system, which on certain aircraft can [illegible] periods of up to eight hours. However, noise level can now be dramatically reduced, it is claimed.

A system designed and installed by Vickers in the British Aerospace Tornado production hangar at Warton, Lancs, is capable of testing the hydraulic systems and functions of up to four aircraft simultaneously.

Vickers engineers have been completely responsible for the project, including all hydraulic and electrical control equipment, as well as the intricate underfloor pipe system. They have also designed and built the logic carrying consoles.

The hydraulic system is powered by eight hydraulic pumps installed in a purpose-built sound-proofed power house. High pressure oil is fed to a series of six access points built flush in the hangar floor and fed through an underfloor piped ring main.

The system interfaces with the aircraft at four small mobile control consoles and has led to so much sound reduction at Warton that Vickers have been asked by British Aerospace to fit red warning lights on the console to indicate that the aircraft controls are live. In the past the noise from the testing itself was considered sufficient warning.

The consoles also provide remote control and monitoring for the main and auxiliary pumps, de-aeration unit, and incorporate system pressure, temperature checks and digital read-out facilities.

The system, although designed specifically for the Tornado has universal application and is adjustable over a wide range to suit any aircraft type or mixture of aircraft that might occur in a general maintenance hangar.

● PACKAGING

Stops regain of shape

METAL BOX has been doing something about the problem that most users of products in plastic tubes will have noticed—such tubes will not stay in the shape to which they have been squeezed.

The problem is not, in fact, trivial. Plastic tubes tend to act like a bellows and suck air back into themselves. The trapped air can decrade the contained product causing colour changes in cosmetics, erratic dispensing, and a tendency for the air trapped behind the product in the tube to produce a small "explosion" at the nozzle the next time it is used.

Accordingly, Metal Box has produced a design incorporating a small spigot in the nozzle of the tube. The screw thread on the nozzle acts as a bellows so that when the tube is squeezed, the bellows flexes away from the spigot and allows the product to be dispensed. But when the user stops squeezing the spigot moves back and seals the opening in the tube.

Unfortunately, although the device is suitable for products such as cosmetics, hand creams and shampoos, it will not work for toothpaste, which is too viscous. More from the company at Forbury Road, Reading RG1 3JH (0734 581177).

● METALWORKING

Cuts and bonds the components

PUT ON the market by Adcola Products is a high output electronic component cutting and bending machine which allows changes in the lead lengths to be made without the need to change the cutting wheel.

Easily moved from one production point to another, the machine offers semi-automatic operation from bandolier-fed components. Each turn of a crank handle cuts and bends 24 components, resulting in an hourly output rate of up to 40,000. The lead or "tail" length is determined by cutting wheels that can be adjusted to give lengths between 3.2 and 15 mm.

Symmetrical or asymmetrical wire length and bending widths can be produced, and it is also possible to cut the wires without bending.

Components up to 14 mm in diameter and wire diameters up to one millimetre can be accommodated, and a maximum overall length of 60 mm.

More from the company at Gauden Road, London SW4 6LH (01-622 0291).

● SAFETY

Upholstery fire risk examined

SYNTHETIC materials, especially flexible foams, used in modern soft upholstery, are easily ignited and produce fires which are relatively intense, rapid in growth and accompanied by large amounts of smoke.

Research into the ignition and burning characteristics of these materials has been in progress for some time at the Fire Research Station, Boreham Wood and a report has now been published.

In the study, cushions made of foam covered by fabric were subjected to a range of seven flaming ignition sources of increasing thermal output to determine the largest source of ignition which the cushion combination could resist without the development of sustained combustion, either flaming or smouldering. The energy of the sources ranged from that of a candle burned for two minutes under the sample to four crumpled sheets of newspaper allowed to burn completely.

The researchers are careful to point out that the results they obtained are only precisely applicable to the particular materials they used and the specific conditions of the test.

Nevertheless, a principal conclusion is that ordinary non-flame-retarded covers over standard polyurethane foam, as used in many domestic applications, can be ignited with a candle flame and so cannot be relied upon to resist ignition by matches and cigarette lighters for instance.

Furthermore, interlinings and the new trade foams were not observed to improve the ignition performance because the outer fabric is the critical factor.

The subsequent rate of burning is dependent on the material and it was found that flame-retarded covers over standard foam gave a marked improvement in this respect, as did the use of interlinings. Cold cure foams gave a less rapid rate of fire development than the standard type.

However, the use of latex rubber gave a downgrade of performance even in comparison with the standard foam.

Smoke production varied considerably according to the foam/cover combination. PVC gave a poor performance while latex rubber was the worst offender.

The results show how easy it is to ignite modern upholstery materials even with very small flames. The Fire Research Station points out that some of the combinations tested (even as a single mock-up chair) would have given only a few minutes after the ignition time for escape before the local environment became intolerable.

Nevertheless, careful selection of material combination, the use of interlinings and the improved foams can lead to a very substantial improvement.

The Fire Research Station is at Boreham Wood, Hertfordshire, WD6 2BL (01-953 6177).

● HOME MOVIES

Film vies with tape

A PORTENT of a coming market struggle whether home movies of the future are to be on film or videotape — was afforded last week by almost simultaneous UK announcements from Polaroid, on instant movies, and Japan's JVC, on home video.

The Polaroid system, Polarvision, had its European unveiling in June in Monte Carlo and was described in the Financial Times on June 10.

Some additional technical details have emerged however, notably that the film system is additive rather than subtractive as with normal transparency colour; there are 4,500 colour lines per inch, nine times as many as the old Dufaycolour which was also additive.

After exposure in the camera, the 8mm cassette is transferred to the projector which also acts as a developing unit. The film is ready for projection in about 90 seconds.

The London demonstration has revealed the quality of the colour to be good, although definition is not outstanding and film latitude may leave something to be desired.

The system will be in the shops in the autumn and will be priced at about £400.

The offering from JVC is only likely to suit those with a deep enough pocket. The camera, which makes use of only two 17 mm vidicons, will cost £1,350, to which another £700 has to be added for the associated tape recorder. It can be expected that prices will drop as volume production builds up from a growing market, but for the time being most sales seem likely to occur in industry.

Sensitive enough to use under normal room lighting conditions, the camera has a 6:1 zoom lens, electronic viewfinder and a built-in condenser microphone.

Inclusion of sound in such a system is almost automatic. The lack of it in Polarvision may well prove to be a shortcoming and inclusion of sound is not likely to be announced for about two years.

● CONFERENCE

Two days of wave energy

A CONFERENCE is to be held at the London Heathrow Hotel on November 22 and 23 at which the results of the first phase of the UK wave energy programme will be reported and discussed in public for the first time.

Papers will be presented on the four major devices that are being developed as part of the national programme: The wave operated "ducks;" wave contouring rafts; the oscillating water column; and the wave rectifier.

The conference will be residential to allow for maximum interaction between industry in general and those engaged on the programme. There will be ample time for discussion.

The cost, including two nights accommodation and all meals will be about £150, payable in advance.

More from the conference coordinator, B10 28, Harwell, Oxordshire OX11 0RA (0235 24141 ext. 2536).

● IN THE OFFICE

Stops trips to the Post Office

AMONG THE new equipment to be introduced at the Mailing Efficiency Exhibition '78 will be a fast postal franking machine designed for the small- to medium-size organisation which will make it possible to give fresh franking capacity by simply inserting a £20 value card that can be bought at the local Post Office.

The development is to be launched in the UK by Hasler which will be making the value cards available in £100, £1,000 and £5,000 denominations as well as the £20 version.

Also fitting a larger machine (up to 10,000 letters/hour), the card system is expected to prove popular because it will obviate the need to take the meter itself to the Post Office for re-crediting.

In addition the machine has a water heating system to enhance the efficiency of its auxiliary self-adhesive label dispenser for package franking.

Hasler is at Progress Way, Croydon (686 0901).

● MATERIALS

Flint with decorative finish

A CRUSHED and graded white calcined flint for decorative finishes, road surfacing and the production of white concrete aggregate-faced precast building products is now available from Robert Brett and Sons, Brett House, Wincheap, Canterbury, Kent CT1 (Canterbury 66855).

Various decorative effects can be created, according to the grade used and all grades have, says the company, exceptional weathering characteristics and resistance to loss of colour and water absorption.

Called Permwhite, medium and large grades of the flint are said to be ideal for decorating and protecting walls exposed to driving rain and the fine grades are recommended for interior finish.

When applied to road surfaces it should make driving conditions safer by increasing light reflection and improving tyre adhesion, says the company. Used as an aggregate with white cement, it enables white concrete to be produced with enhanced tensile strength.

● DATA PROCESSING

One for the bookmakers

A MACHINE called Ecstasy—basically a Texas Instruments TI-58 programmable calculator fitted with a custom designed program module—has been introduced by Efficient Computing Systems of Douglas, Isle of Man, to provide answers to most of the complex betting arithmetic experienced by bookmakers.

Texas believes the unit will become standard equipment in many betting shops. Its secret is a device called Custom CROM (constant read-only memory), a small module that stores betting shop programs and plugs into the back of the calculator.

CROM has been specified in such a way that the most complicated variations of bets—doubles, trebles, block bets, each way bets and "anything to come" bets—can be handled in a single operation, with a print-out produced straight away on the built-in printer.

More from Texas Instruments, European Consumer Division, Manton Lane, Bedford MK14 7PA (0234 67466).

Displays for the Midland

BY SEPTEMBER, some 54 Harris 8170 display units will have been installed for the Midland Bank's international division and for the bank's systems development work.

The first stage of 10 screens was completed in June and is located at the bank's computer operations division in Sheffield. Linked to an IBM 370/148 at the bank's north-east computer centre in Pudsey, the terminals are being used for interactive program development.

By complementing existing remote job entry systems, the Harris installation will give the bank's development team the time saving and local computer power advantages deriving from on-line interactive working.

The other 44 units are to go into Midland's new international headquarters building in Cannon Street, London.

Harris Systems is at 35, Bury Mead Road, Hitchin, Hertfordshire, SG5 1RT (0462 53462).

● PLASTICS

Alternative to metals

THE PRODUCTION Engineering Research Association has carried out a survey which highlights the increasing use of plastics as replacements for metals.

In the survey, supported by the Mechanical Engineering and Machine Tools Requirements Board of the Department of Industry, eight main engineering industries were covered and 85 specific examples of components converted from metals to plastics were identified. In order of popularity, the factors which influenced conversion were, low weight, corrosion resistance, low costs, wear resistance and good electrical insulation.

High energy costs have caused price increases in both metals and plastics but, in recent years, costs of metals have risen far more than plastics. For example, since 1973 the cost, by volume, of Nylon 66 has risen by about 30 per cent, whereas the cost of die-cast zinc has risen by more than 250 per cent.

Comparisons, conducted by PERA between plastics and metals, as part of its investigation, emphasised the superior properties and performances of plastics which made them the preferred choice for certain types of applications.

More from PERA, Melton Mowbray, Leics. (0664 4133).

● WELDING

Makes a good joint

SMALLER USERS of Sifbronze's flux-impregnated brazing rod, Sifserrate, now have a choice of a handy 1 kg pack. Conforming to BS 1845/CZ6, the rod has been specifically serrated so that the flux is trapped in small pockets, ensuring a measured amount of flux being supplied at the right rate, so that only the minimum joint cleaning is required.

The rod is said to be useful for brazing mild steel components, and particularly suitable for use by garages, body shops, coach builders, sheet metal fabricators and in production line welding where it ensures a fast low-distortion joint.

In producing the rod—also available in standard 2.5 kg and 7.5 kg packs—the company has taken the opportunity to go over to standard metric diameters of 2 mm and 3 mm.

More from the company at Gipping Works, Stowmarket, Suffolk IP14 1EY.

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

Nicholas Leslie reports on a Paris-based venture capital company which has plans to expand its international operations

A capital contribution from France

CHRISTIAN MARBACH approaches venture capitalism with a deceptive zeal. Asked why he concentrates on such a risky business in preference to safer areas of financing he replies in an almost vague way that it is "more interesting — and, anyway, one should try and make the effort."

But his outwardly mild manner belies a tenacity and sharpness (very noticeable when it is he who is asking the questions) which has helped to spearhead the creation during the last five years of a group of financing companies, lead by Sofinnova S.A., throughout Europe and in America. It is a dedication fired by the research he carried out *in 1971-72, which* convinced him that an institutional venture capital system, based broadly on American practice, could work in Europe.

Enthusiasm

His enthusiasm for backing innovative people and companies is clearly spreading *across national* boundaries and perhaps his most ambitious plan at present involves a three-country link to enable a *wider European market to be* exploited. Towards this end talks are taking place between Sofinnova, of which Mr. Marbach is managing director, Technical Development Capital (the venture capital subsidiary of Britain's Industrial and Commercial Finance Corporation) and Deutsche Wagnisfinanzierungs-Gesellschaft (WSG), the German venture capital concern which has the backing of some 27 major German banks.

Although these talks are at a very early stage, Marbach appears to view them as the key to the next major step in his group's activities.

Like virtually every other European venture capitalist, Sofinnova is still small by finance company and banking standards. It is also involved as much, if not more so, in development capital. This means that rather than backing a new company or process from scratch, with no security provided on the money invested, a number of Sofinnova's equity investments are in companies that have at least some record and are *looking* for further finance to back a new phase of development.

In common with many other venture capital companies, Sofinnova has had its share of failures. Of the 100 or so investments it has made since beginning operations in 1972 more than one-fifth have failed to make the grade. The precise level of losses is *unclear*, but Christian Marbach is quick to cite the changing conditions—like high inflation and down*turns in home and overseas* markets—that have made his job more difficult and thus increase Sofinnova's risk of failure.

Other difficulties he has had to contend with relate more to *his ability to maintain momen*tum in Sofinnova's activities, he says. Economic recession has curbed his ability to sell some of Sofinnova's investments in order to realise funds for further investment and, even where sales are achieved, the amounts realised are poor in comparison with those available *just a few years back.*

Marbach says that four years ago he was able to sell Sofinnova's shareholding in a company for around eight times cash flow, whereas these days only three to four times is being achieved. On the other hand, Sofinnova *is still able to* get seven times cash flow for its American *investments*, which perhaps explains Marbach's enthusiasm for the U.S. market.

Sofinnova itself is confined to investing in innovative companies. This has led it to back a broad range of things such as a new process *for* crystallisation of vegetable fats, a nuclear medicine data processing system, and electro-mechanical products. Its present capital is Frs 58.5m (£7.3m) and the total amount it has invested is around *Frs* 50m (£6.25m). It has sold about 20 of its invest*ments in five years, and now has* a portfolio of around 50 investments.

Marbach's policy is to agree a minority investment in a small or newly-created company, while at the same time arranging for either one of the banking shareholders in Sofinnova or one of France's Sociétés de Developpement Regional (SDR) to provide additional financial backing. The SDRs, set up by banks, Chambers of Commerce and other economic authorities in the 1950s to provide essentially risk capital in the various French regions, raise much of their money on the French stock market. Though they have strayed over the years into providing term loans rather than venture capital, an initiative launched by the French *Government in early 1976 to* encourage small enterprises was designed partly to bring back SDRs closer to their original role.

The problems Sofinnova faces when trying to agree the basis of its investments have a *familiar ring* for British counterparts. The French entrepreneur, says Marbach, is an intensely private person who is reluctant *to give up any equity in his company.* He says that entrepreneurs also find great difficulty in explaining clearly what it is they want of a financier and what their plans are. They are usually very reluctant to put more personal capital into their own companies, even if they have it, which is rare, and then, when they have benefited from the injection of outside capital, do not want to be sold when Sofinnova wishes to realise *its investment.*

Marbach contrasts this with *his* experience of American attitudes which, he says, are more positive. Entrepreneurs there are good at explaining what they want for their companies and know how much money they need to achieve their objectives. Another difference in approach *is that* Sofinnova operates within the context of a national ambition for venture capitalism "whereas in America, the ambition of venture capitalists is more local and they are only interested in capital gain," says Christian Marbach.

This is a significant point since it spotlights a possible factor behind the American venture capitalist's enjoyment of a closer and more involved relationship with his entrepreneur.

Sofinnova avoids getting involved in the management of its investments, preferring (like most European venture capitalists, it seems) to back what it thinks are good managers and leave them to get on with it. However, Sofinnova does try to assist in some areas, such as administration, exporting and representations to Government. And, since it also likes to have monthly financial reports from the companies in which it invests, Sofinnova will help to install reporting systems *so that this can be achieved.* Regular meetings and telephone contacts are its other means of keeping in touch.

The average amount of investment Sofinnova aims to make is from around Frs 500,000 (just under £60,000) to twice that *figure*. *However, it* has gone well either side of those sums, and has made a handful of "seed capital" investments where it has provided around Frs 110,000 (about £13,000) just to enable a product idea to be developed before a company is even set up.

Aside from Sofinnova, other group companies include Sofinnova International, which has made investments in the past four years totalling around Frs 10m (about £1.2m), though these have clearly been small since it has made about 30 investments. This company operates in association with a local venture capitalist, T. A. Associates.

Attraction

One of the major attractions Marbach sees in American venture capitalism is both the general attitude to it there and the greater market for new products. He contrasts this with the difficulties experienced in launching products in France, particularly if they are technologically advanced and need a big market. It is impossible, he says, to sell such products to the French Government and public corporations and this stops innovation getting off the ground (such thinking is to be found among *many* financiers in the UK).

Two other active offshoots of Sofinnova are Sofinindex and Batinnova. The former, launched just two years ago, invests solely in companies with high export potential. It is providing what is essentially development capital and has already put money into 23 companies, with only three investments having been realised to date.

Batinnova, formed four years ago, concentrates on the public works and construction industries. It has decided that these areas harbour potential for considerable innovation in product and technique, although to date its investment record is modest—only Frs 4.25m (about £500,000) having been invested.

Finally, there are Sofinnova Nederland, a Dutch offshoot with local partners which theoretically aims to invest in any European country apart from France, but which is rather inactive, and Sefinnova Spain, where Sofinnova has essentially a management role, with finance being provided by local banks and industry.

Sofinnova's future activities are dependent upon a number of factors. A key one is whether talks with the French Government about getting special loans will be successful. Sofinnova is what is known as a societe financiere d'innovation, a status introduced by law in 1971. This allows its shareholders to amortise half the equity they invest, but, as Marbach points out, this does not mean more money for Sofinnova itself. He hopes for recognition of this by the government and for some money to follow.

This would clearly help Sofinnova considerably. After *suffering some heavy losses in* its early stages it moved into profit by realising investments. But with its ability to sell equity stakes curtailed by the poor economic environment, it must be more difficult to realise sufficient funds each year, and so maintain an investment programme.

SOFINNOVA'S INTERNATIONAL SET-UP

SOFINNOVA S.A. (FRANCE)

Invests venture and development capital in innovative companies

Batinnova S.A. (France)	Sofinnova International	Sefinnova (Spain)	Sofinnova Nederland BV	Sofinindex (France)
Invests in public works construction companies	*Uses French funds for investments in the U.S.*	*Invests in partnership with Spanish banks and industrial companies*	*Dutch-based but has brief to invest in all European countries except France*	*Invests in export-oriented companies*

Why managers prefer a challenge

THE MANAGER of today is much more willing to change jobs and move house to get on in his career than was his predecessor of ten or twenty years ago. He—for they almost all are he—describes himself as highly ambitious, seeks "challenging and enjoyable" jobs and feels the need to influence and innovate at work.

Although he is naturally keen to earn more money, responsibility, influence over the way things are done and the challenge of his job are the real things which motivate him, according to a fascinating survey* published today by the British Institute of Management.

Twenty years ago, according to a survey conducted then, 34 per cent of managers had spent their whole career with one firm; now, according to BIM's latest research, this only applies to 13 per cent of managers. At *the other end of the scale* 37 per cent of today's managers have had five or more employers compared with 13 per cent in 1958.

The survey also shows that in the last ten years just over a *fifth of the managers questioned* had been offered a change of job that would also have involved moving house; about a quarter of them refused to move.

At all costs

Inevitably it is the younger man who is more prepared to move. In the last ten years the survey found the number of employer changes made by managers aged between 30 and 40 was nearly three times that of the group aged 50 and over. And half of the over 55s had *changed employers* at least once in the last ten years.

As for moving house for a job change the BIM found that the majority of managers are at least prepared to consider such a move. Only 4 per cent declared that they would avoid moving home at all costs and 20 per cent expressed a preference for staying put.

An interesting aspect of the survey is its study of managers' attitudes and what motivates them. Eight out of ten are concerned with "career success" and a similar proportion said they preferred jobs which test their present abilities rather than those which they are confident of doing well. Even six out of ten managers declared that, forced to choose between a job they liked doing and one that paid well, they would opt for the former.

There was also a strong need on the part of the managers to influence and innovate at work but as the survey's authors, Yvonne Guerrier and Nigel Philpott, point out: "The desire to influence the way things are run at work is not usually taken to its logical conclusion. Only a fifth of the sample expressed a strong desire to run their own business."

Asked to list three things which would add to their satisfaction from life the greatest number of managers said they wanted—wait for it—yes, more money. Next, and in roughly equal proportions, managers listed such aspects as more leisure time, a change in society/government, more job satisfaction, more responsibility, and more travel. Interestingly only 2 per cent mentioned job security. Four per cent, though, wanted greater recognition of *the worth of management.*

Putting the desires of managers into context Guerrier and Philpott note: "Almost a third of the factors which managers seek to improve are *related to their work or career,* while only 16 per cent of the comments concerned money, 15 per cent leisure and 11 per cent families."

Demotivated

These results, they note, are similar to another recent survey on management motivation which had concluded that a sizeable minority of managers were demotivated because of a *decline in their standard of* living.

Young managers appear to be more ambitious and more willing *to take risks than their* elders, rather as one might expect. But after the age of 30 there is no relationship between age and willingness to move home. Young managers though like to take risks (58 per cent said they did), prefer things to change quickly (67 per cent) and do not feel a need for job security. Also 56 per cent said they did not feel an obligation to the firm they worked for.

Younger managers were more concerned about reaching the top, "perhaps because they have not yet realised how comparatively difficult it is to progress in the later stages of a career when promotion is less frequent," note the authors.

Similarly 60 per cent of the under 30s believed a career could be planned while only 43 per cent of the 30 to 40 age group held that view.

On the subject of family circumstances the survey found that 43 per cent of managers' wives are in paid employment although 79 per cent of managers consider themselves to be the main breadwinner. In the under 30 group, 44 per cent of managers said that both their own and their wives' salary was essential.

**BIM Management Survey Report No. 39—The British Manager: Careers and Mobility is available from BIM Publications, Management House, Parker Street, London, WC2B 5PT at £7.50 to members, £15.00 to others.*

Jason Crisp

LOMBARD

The right terms for aid

BY HUGH O'SHAUGHNESSY

"IT'S WHAT I would call collective colonialism," said the chargé d'affaires of a country which shall remain nameless yesterday at lunch. Now the chargé d'affaires is a wise and perceptive man whose acquaintance I value very highly though we differ on political issues. He is not given to Latin hyperbole and I always take what he says with the utmost seriousness. He was talking about the process through which the developed countries are more and more dictating the conditions under which they lend money to the developing world and he was, as always, talking sense.

"That's quite right," added the man from Whitehall, "but it's inevitable, and the case of Zaire has proved it. The economy of that country is in such a mess no foreign government is going to risk its taxpayers' money with the administration in Kinshasa unless there's some reasonable hope of influencing internal policies towards reasonableness."

"Yes," said the chargé d'affaires, "that's all very fine but, leaving the special case of Zaire apart, why should we developing countries take what the international financial institutions and your governments say as gospel? We want to run our own affairs in our own way."

"No one is stopping you running your affairs in your own way but don't necessarily expect our help if you don't take our advice," countered the man from Whitehall.

Assistance

I have quoted this exchange because I think it typifies well an issue which is going to be debated even more hotly in the future than it has been in the past.

It is of course the case that for years past many politicians and economists in the poorer countries have railed against the terms imposed by the International Monetary Fund in exchange for its credits. They have argued—and in the case of Peru, for instance, still argue—that the deflationary policies imposed by the Fund are unrealistic and unfair.

The argument, however, is getting much wider than the policies of the Fund and is embracing a great range of financial transfers, from the money which flowed into Portugal to assist the cause of Premier Mario Soares to the special facilities which are being made available to the countries of the Caribbean. The arguments are not heard exclusively in the West either. Chile under the late President Allende and Guyana under the current rule of Premier Forbes Burnham made approaches to the Soviet Union for assistance at critical times which were turned down.

Reasonable

The refusal of Soviet assistance to Allende was a major contributory factor in the fall of his government and is no doubt weighing heavily on the mind of Mr. Burnham today.

An example of Western thinking is given in the case of the Caribbean where under the newly agreed credit facility, which is administered in close collaboration with the international financial agencies in Washington, recipient countries have to undertake to give reasonable opportunities to private business. What is "reasonable" is decided in the last instance by the international financial agencies.

The fact that a debate has got going about the legitimacy or otherwise of the richer countries imposing conditions when giving aid to the poorer ones is in my view a very positive development.

Given that some conditions are bound to be attached to any transfer of resources between two governments I am keen that what reasonable men would consider to be the best set of conditions are agreed on by donors and recipients of aid. I certainly don't want my tax money to go to support the economy of Slobodia if I know that the President of Slobodia, already a millionaire several times over, has the right under local law to 51 per cent of shares in any enterprise which benefits from foreign financial assistance with his economy minister having a right to a further 25 per cent.

But while conditions should be agreed which would stop this sort of thing, conditions should not be imposed which effectively give countries the choice of doing without assistance or accepting a regime of austerity which could only be enforced at gunpoint. There must be a middle way, based on an understanding of the recipients' need by the donors and on the realisation by the recipients that they must convince not merely governments but the electorates who give the money that it will be well spent.

THE WEEK IN THE COURTS

Ways of speeding up commercial arbitration

BY JUSTINIAN

ATTEMPTS to recapture for the City of London the international business in arbitration as a means of resolving commercial disputes were given a boost by the recent report* on Arbitration by the Commercial Court Committee.

The Committee, which makes recommendations urging swift legislative action, was chaired by Mr. Justice Donaldson and included all the judges of the Commercial Court.

The pressing need for reform, before links are irreversibly formed with arbitration tribunals abroad, entails the need to provide a speedy appellate system and to allow parties to contract out of any appeals system. To those ends the Committee makes a number of specific recommendations.

In recent years the stumbling block to greater international use of arbitration in England has been the way the courts have applied a provision in the 1950 Arbitration Act. Under section 21 of that Act an arbitrator may (and, if so directed by the High Court, must) state his award or part of that award, or any question of law arising in the course of the reference, in the form of a special case for the opinion of the High Court. An award in the form of a special case rarely gives any reasons for the arbitrator's conclusions of fact or for any tentative decision on questions of law. It is thus wholly different from a reasoned award.

It is the general pattern of awards in England that they are given without reasons. This is in striking contrast to arbitral awards held under the laws of most Western European countries. The giving of reasons there is obligatory.

The English tradition of unreasoned awards has been fostered by section 21, which in terms gives the arbitrator a discretion whether or not to state his award in the form of a special case; it also gives the High Court the discretion whether or not to order the arbitrator to do so. Whenever any real point of law arises, arbitrators have tended to use the special case procedure. And the High Court has encouraged that practice, even where there is no great sum of money in dispute, and where no point of general importance is involved, or where the answer is reasonably clear. The effect of that judicially sanctioned practice has been to lengthen the arbitration procedure to such an extent as to defeat one of the primary purposes of businessmen preferring arbitration to litigation.

If the courts had been more willing to allow points of law to be dealt with by arbitrators—many of the leading arbitrators in the City of London have the ability and experience to dispose of all but the very knotty points of law that might require high judicial expertise—much of the problem would have been solved. But in 1973 in *Halfdan Grieg and Co. A/S v. Sterling Coal and Navigation Corporation and another*† the Court of Appeal reaffirmed the very English rule that when parties agree to arbitrate it is on the assumption that any point of law can, in a proper case, be referred to and dealt with by the courts. This reflects the traditional view that arbitration in England is a mixed procedure, with layman and lawyer complementing each other's expertise. Most other systems of law adopt the philosophy that parties, having chosen their tribunal, must accept its decisions.

Solution

Thus the attempt to put a brake on the frequency with which the special case procedure is invited—very often by a party seeking to put off the evil day of paying under an arbitrator's award—failed.

The Donaldson Committee's solution is both simple and sweeping. The system of review by the High Court based upon the special case procedure would be replaced by one based upon reasoned awards, as in other European States. Appeals from arbitrators to the High Court would only be on points of law, and would be restricted to the cases where either the parties agree or the High Court gives leave. And that leave would be given only where the point of law in issue would affect the rights of the parties under the award.

The Committee justifiably considers that these proposals would mean that parties successful in arbitration proceedings would be able to enforce their awards speedily. Unsuccessful parties would be able to obtain relief against an impugned award in the comparatively rare cases where the arbitrator misapplied the law in a material respect, but would be deprived of the opportunity of avoiding or delaying their obligations by procedural devices.

The allied problem that the Committee went on to consider was whether the parties to arbitration can ever agree not to go to the courts on an arbitrator's award. The case-law on this subject has established that there should be no sphere of national activity in which the Sovereign's writ did not run, that there should be only one system of law for everyone, and that those who were commercially weak should be protected against those who were commercially strong, in the courts of law. In two respects the Committee recommends that this entrenched right of appeal to the courts ought to be modified.

First, in the case of all types of arbitration agreement there shall be no entrenched right of appeal in relation to particular disputes *once* those disputes have arisen and have been referred to arbitration. The ousting of the court's jurisdiction by a blanket agreement reached when the contract was made and *before* any dispute had arisen would remain subject to the rule that a right of appeal is entrenched. At least that would be so where the contract was governed by English law.

Contracts governed by foreign law which provide for arbitration in England would, however, permissibly not be subject to the entrenched right of appeal, though of course the parties could agree to opt into the English court procedure.

By these recommendations the Donaldson Committee adds a powerful voice to those clamouring for a very greater share of this profitable business. One estimate of the loss resulting from the existence of the entrenched right of judicial review, and hence the arbitrations being conducted elsewhere than in England, have been put as high as £500m a year.

**HMSO Cmnd. 7284*
†(1973) QB 843

ATHLETICS BY MICHAEL THOMPSON-NOEL

Decathlon: boy stars and supermen . . .

LEAP THAT HURDLE, heave that shot, grow a little weary and you lose the lot. It is a presiding irony that the true supermen of the species, the world-class decathletes, could pass muster as a rock band when brought together under the trade name that grotesquely but inevitably fits them best. They are the Super-Who?—a small group of maniacally dedicated thoroughbreds whose exploits over the two days of the decathlon read like an assault course devised by de Sade in a particularly foul mood.

It is odd how some athletics events attract mass-media interest at the expense of others. The 100 metres invariably upstages the 200 metres which in turn can fare better than the 400: the glamour boys of the 1,500, 5,000 and 10,000 metres attract an adulation that the 3,000 metres steeplechase and 110 metres hurdles stars wouldn't even start to covet, while the marathon men enjoy an apotheosis that is uniquely their own; the high jump lords it over the pole vault, the long jump over the triple, and there is something inherently more attractive or at any rate communicable in a sweaty shot putter than in the Incredible Hulks of the discus, javelin or hammer. As for a 30 kilometers road walker, would you let your daughter marry one?

Muscle-breaker

By rights, it can be argued, the decathlon should tower above all. By rights, it could be reasoned, Daley Thompson, a superbly gifted decathlete of mixed Scottish and Nigerian blood, should be Britain's best-known athlete.

Daley Who? Let us not start that, for at the tender age of 20, Thompson is probably the UK's surest bet for an athletics gold medal in the Commonwealth Games which start in Edmonton on Thursday—a statement which by no means ignores the chances of Scotland's Allan Wells in the 100m and 200m, England's Sonia Lannaman in the women's 200m, Brendan Foster in the 10,000m, Lorna Boothe in the women's 110m hurdles, Geoff Capes in the shot, Tessa Sanderson in the women's javelin or Aston Moore in the triple jump.

The decathlon in a points-based muscle-breaker that stretches over two days, five events per day. Points are awarded in each event according to a norm of excellence and it is a measure of his extraordinary talents that Thompson earlier this season set a new UK record of 8,410 points. This is also the world junior record, the best performance by any Commonwealth decathlete this year, and an indication that before too long this remarkable young man will be setting his sights on the world record of 8,618 points set during the Montreal Olympics by Bruce Jenner of the U.S.

Let us lay this on the line: event by event, Thompson stacks up as an almost surefire favourite for the next two Olympic gold medals, let alone Edmonton's Commonwealth trinket. The first-day events in the decathlon, together with Thompson's best performances, are the 100m (10.68 seconds), long jump (26 ft 1 in), shot putt (48 ft 6½ in), high jump (6 ft 10½ in), and 400m (47.31). Those figures mean he could take on the Commonwealth's best jumpers in their own speciality events without removing his track top, while his sprinting is of national team standard.

Day two is tougher. The events, again with Thompson's personal bests, are the 110m hurdles (14.8 seconds), discus (173 ft 10½ in), pole vault (16 ft 5 in), javelin (196 ft 10 in), and finally, sadistically, the 1,500m (4:20.0). That 1,500m mark wouldn't impress the world's 1,500m specialists, but if they were asked to run their event after two days' decathlon torture, they'd be lucky if they heard the starting gun, let alone reached the tape.

Thompson not only possesses the magnificent physique of the decathlete—he has the decathlete's customary intelligence, too. He wants to get to the top, truly to the top, because then "you're made, aren't you? You can get on, with a gold medal. Somebody's bound to want you to work somewhere . . . You need the right sort of personality to go with it, but I've got that."

A millionaire?

During the two days of the Montreal Olympic decathlon I watched Thompson closely from my seat in that astonishing, salad bowl stadium. And while I watched Thompson he watched Jenner amassing that world record 8,618 decathlon points. The moment Jenner knew he would win the decathlon gold was when he soared 15 ft, 9 in in the pole vault. He lay down, covered his face with a towel and cried. A Russian rival, Leonid Litvinyenko, walked over, raised the towel, and smiled wryly. "Bruce," he asked, "you going to be a millionaire?" Thompson watched closely.

These days, boxed and packaged by the marketing men, wooed by Madison and courted by Hollywood, Jenner is earning an estimated $750,000 to $1m a year. He lives in Malibu, drives a $35,000 Porsche, earns as much as $6,000 a speech, is a popular TV commentator, endorses Wheaties and lends his name to a line of sports clothes marketed by Leisure Concepts.

Whether Thompson's career follows that sort of track, time will reveal—whether he would wish it to, only he can show. But if there is a youngster in the world who can follow in Jenner's footsteps, it is he.

CRICKET BY TREVOR BAILEY

Minor blemishes, but Gower comes of age

AFTER THREE days at the Oval, New Zealand are 123 for 7 in their second innings and, unless the weather interferes or someone proves capable of staying with Congdon, who has the technique to master the conditions, it is difficult to see how England can avoid going one up in the series. They have achieved this position because they are a better balanced side. England have two slow bowlers able to exploit a pitch becoming increasingly responsive to spin, whereas the tourists only have Boock; they also have a brilliant artist behind the stumps whereas his opposite number, Edwards, is no better than a club keeper: a more formidable seam attack and a stronger tail. It was this last factor which enabled Brearley's team to graft their way to a 45-run first-innings lead which in the event has proved decisive.

Both sides are short of batsmen of real quality, which makes it ironic that the two most accomplished players of either country, Boycott and Turner, are, for different reasons, currently involved in county cricket. During this Test yet another Boycott century set up a Yorkshire victory, and while New Zealand were floundering on Saturday, Turner hit 150 for his adopted county, Worcestershire, including a century before lunch. He is obviously better equipped to deal with the pace of Willis and the swerve of Botham than any of the tourists, so that his presence could have made a considerable difference.

Although the batting has in the main been short of shots and class, two innings have shone out through the general mediocrity, both by young left-handers surely destined to delight the crowds for years to come.

Gower's century — he was the youngest Englishman to achieve this feat in a Test since the war — marks the coming of age of our most exciting prospect for more than a decade. There were blemishes, including two easy chances, both at mid on, moments of anxiety outside his off stump, and possibly too much bottom hand in some of his defensive shots, but it was the way he made his runs, not just the runs themselves, that impressed so much. A bouncer that would have troubled most of his colleagues was despatched to the boundary with time to spare. He also used his feet when playing the lofted drive which took him to within a run of his century.

Edgar's second-innings 38 for New Zealand was scored against formidable English attack and with the memory of an unhappy duck in the first innings. He reminds me in build, stance and the way he clips the ball off his legs of Neil Harvey. Like any left-hander would have done, he had problems against Edmonds who bowled over the wicked into the considerable rough outside the off stump. This method has become more effective through the new law allowing a batsman to be given out padding up outside his off stump. As a result he is now forced to play strokes at balls that are liable to behave unpredictably after pitching and should be left alone.

The big talking point at the Oval has been the ICC meeting at Lords which heard the proposals that had been put by the Packer representatives, Andrew Caro and Lynton Taylor, to the president and secretary of the ICC during a secret meeting in New York. Not surprisingly these were unanimously turned down, even by the West Indians, because they were pitched so high and were so impracticable that one could not help wondering whether rejection was the intention.

However, the position became even more baffling on Friday evening when the Packer representatives hastily convened a Press conference at the Dorchester Hotel. Here I learned that their proposals were not intended to be taken too seriously, and were merely a starting point for negotiations. This was just as well, as the ICC could not approve and support ten months of Packer-organised cricket in varying parts of the world when, as Andrew Caro freely admitted, the organisation he represents has no intention of doing anything for the ICC.

It has now transpired — at least that is my interpretation of a somewhat confused meeting —that World Series Cricket would settle for a world knockout tournament lasting between five and six weeks in February and March. It would be staged in Australia between official teams from England, the West Indies, Australia, and one other Test-playing country to be decided by another competition. Whether the eventual winner later toured elsewhere would be up to the countries concerned, though a visit to England in mid-September did not look a natural winner.

In addition, I assume that the Packer pirates would continue to operate in the Australian summer with an emphasis on night matches. It is interesting that their programme this winter does not seriously clash with the Anglo-Australian series, not one suspects, to accommodate the Australian Board of Control but because genuine Tests have more appeal live, and on television, than friendlies, whatever the prize money or ability of the players.

A compromise remains an eventual possibility, but this strange handling by the Packer contingent has put back the date and unified the ICC, which was beginning to drift apart. The ICC is now starting to wonder whether in the long run Packer does *not* need it *more* than it needs his players, sad though it would be if Vivian Richards has taken *part in his last international*.

RACING BY DOMINIC WIGAN

Price team is one to watch

CAPTAIN RYAN PRICE, whose Findon team has got into top gear in no uncertain terms, could dominate the home scene in the coming months.

He seems certain to get a good run from Whitstead in the St. Leger provided that the ground does not ride firm (an unlikely event), while two other big prizes in which he is sure to be represented are the Tote-Ebore and the William Hill Futurity.

M-Lolshan and Le Soleil could both represent him in the Ebor and Boden's Ride is firmly committed for a tilt at the William Hill race.

Whitstead and McLolshan, both appeal as sound each-way bets for their targets. Whitstead, who beat Shirley Heights by no fewer than 10 lengths in the classic Trial Stakes at Sandown, is clearly a different horse when the ground comes up muddy and his present odds of 9 or 10-1 for Britain's oldest classic appear to offer far better value than the 5-2 quoted about Ile De Bourbon and the dual Derby winner.

M-Lolshan, a three-year-old brown colt by that remarkably versatile racehorse Levmoss out of the Grey Sovereign mare Supreme Lady, is improving all the time and proved that there was no fluke about his four-length King George V victory over Valour at Royal Ascot when defeating the well-fancied Palm Island almost as easily in a Newmarket handicap.

Valour gave a tremendous boost to the prospects of the Price colt when taking the Warren Stakes at Goodwood on Saturday and it will come as a surprise if the 12-1 being offered about M-Lolshan is available for much longer.

Incidentally, Le Soleil impressed a good many racegoers with the determination with which he battled on to beat Burleigh in the Trundle Stakes on Friday and he, too, will almost certainly shorten considerably in the Ebor betting from his present odds of 33-1.

Although he did not win quite as easily as some racegoers had expected, Boden's Ride, a $50,000 Grey Dawn II two-year-old, went about his work in pleasing style when getting the better of well-fancied Newmarket challengers at Goodwood and it is worth remembering that Price has continually reiterated that stamina will be this juvenile's main forte.

Jonjo O'Neill returned to the winning trail at the first opportunity when bringing home Candymay in a selling hurdle at Market Rasen on Saturday.

He returns to the Lincolnshire course this afternoon, when his mounts include Hot Shot, likely winner of the Holland Long-distance Novice Hurdle.

This Bill Watts-trained six-year-old, who made the frame in each of his three races last season after a long lay-off, appears to have little to beat and the presence of the champion on board suggests that he is ready to do himself full justice.

Because of industrial difficulties outside the Financial Times it is possible that some of the suggestions listed below may not run.

RIPON
4.00—Abdu

FOLKESTONE
4.15—Roses All The Way

MARKET RASEN
4.30—Hot Shot***
5.00—Fine Fellow*

WOLVERHAMPTON
6.15—Evasive**
7.10—Swanlinbar

† Indicates programmes in black and white

BBC 1

6.40 am Open University (Ultra High Frequency only). 9.55 Paddington. 10.00 Jackanory. 10.15 Tarzan. †10.35 Belle and Sebastian. 11.25 Cricket: First Test—The Cornhill Insurance Test Series, England v. New Zealand. 1.30 pm 'Mr. Benn Goes Ballooning.' 1.45 News. 2.00 Interval. 2.10 Cricket: First Test—England v. New Zealand. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Bailey's Comets. 5.10 Go With Noakes. 5.35 The Wombles.

5.40 News
5.55 Nationwide (London and South East only)
6.20 Nationwide
6.50 Come Back Mrs. Noah
7.20 The World of Jacques Cousteau
8.10 Headmaster
9.00 News
9.25 The Monday Film: "Baxter!" starring Patricia Neal and Britt Ekland.
11.05 Mr. Speaker, Sir! (portrait of The Rt. Hon. George Thomas, MP)
11.35 The Spinners sing songs
12.05 am Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—1.30 pm Pili Pala. 5.55 Wales Today. 6.50 Heddiw. 12.05 am News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 12.05 am News and Weather for Scotland.

Northern Ireland—4.18 pm Northern Ireland News. 5.55 Scene Around Six. 12.05 am Weatherman. 12.06 a.m. Night Class. Loughsiders — travelling through Lough Erne. 12.26 News and Weather for Northern Ireland.

England—5.55 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University
11.00 Play School
4.30 pm Cricket: First Test—England v. New Zealand
6.35 Open University
7.00 News on 2 Headlines with sub-titles
7.05 World Chess Championship Report: Anatoly Karpov v. Viktor Korchnoi
7.30 News on 2
7.35 Grapevine
8.05 James Galway's World of Music
9.00 Eleanor Marx
9.50 Hospital
10.35 Late News on 2
10.45 Cricket: First Test (highlights)
11.15-11.25 Closedown (reading)

LONDON

9.30 am It's Life with David Bellamy. 9.55 Paint Along with Nancy. 10.20 Oscar. 10.30 Little House on the Prairie. 11.20 21st Century. 11.45 Felix the Cat. 12.00 Paperplay. 12.10 pm Rainbow. 12.30 Untamed World. 1.00 News plus FT index. 1.20 Platform. 1.30 About Britain. 2.00 Summer Afternoon. 2.25 Monday Matinee: 'Drum Beat.' 4.20 Clapperboard. 4.45 Enid Blyton's Famous Five. 5.15 Batman.

5.45 News
6.00 A Town called . . . St. Albans
6.30 Cartoon Time
6.45 The Kenny Everett Video Show
7.30 Coronation Street
8.00 A Soft Touch
8.30 World in Action
9.00 Out
10.00 News
10.30 Appointment with Fear: 'The Return of Count Vorga.'
12.20 am Close: A painting by Turner accompanied by the music of Vaughan Williams

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Dynomutt—the Dog Wonder. 10.40 You Can Make It. 11.05 Magic Circle. 11.30 Rogue's Rock. 12.30 pm The Open Air. 1.25 Anglia News. 2.00 Houseparty. 2.25 Monday Matinee: "She Wore A Yellow Ribbon." 5.15 University Challenge. 6.00 About Anglia. 10.30 Speedway—Match of the Week. 11.15 Law Centre. 12.15 am Reflection.

ATV

10.20 am Survival. 10.45 Inner Space. 11.10 Young Ramsay. 12.00 pm Sinbad Junior. 12.35 Summer After Noon. 1.20 ATV Newsdesk. 2.00 The Many Wives of Patrick. †2.25 Family Film Theatre: "The Iron Maiden." 4.15 Popeye. 5.15 University Challenge. 6.00 ATV Today. 10.30 Movie of Today: "Sara T: Portrait of a Teenage Alcoholic."

BORDER

10.20 am Ghost Busters. 10.40 You Can Make It. 11.05 Magic Circle. 11.30 Rogue's Rock. 12.30 pm Gardening Today. †1.20 Border News. 2.00 Houseparty. 2.25 Matinee: "House of Secrets" starring Michael Craig. 5.15 Garnock Way. 6.00 Lookaround Monday. 6.15 University Challenge. 10.30 Look Who's Talking: Allan Stewart. 11.00 Miss Universe. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. †2.25 The Monday Matinee: "Anna Karenina." 5.15 University Challenge. 6.00 Channel News. 6.10 Skippy. 10.28 Channel Late News. 10.32 Code "R." †11.00 Late Night Movie: "The Lady Vanishes." 12.40 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 10.20 The Winds of Fogo. 10.40 You Can Make It. 11.10 Magic Circle. 11.35 Rogue's Rock. 12.30 pm Home Nursing. 1.20 Grampian News Headlines. 2.25 Monday Matinee: "House of Secrets." 5.15 University Challenge. 6.00 Grampian Today. 6.10 Top Club. 10.30 Reflections. 10.35 The Monday Film: "There's No Business Like Show Business" starring Ethel Merman, Donald O'Connor and Marilyn Monroe. 12.40 am Grampian Late Night Headlines.

GRANADA

10.25 am Sesame Street. 11.20 Skippy. 11.45 Kathy's Quiz. 12.30 pm The Open Air. 1.20 Dodo. †2.25 Monday Matinee: "The Man In Grey" starring Margaret Lockwood, James Mason. 5.15 Those Wonderful TV Times. 6.00 Granada Reports. 6.20 This Is Your Right. 10.30 Close Encounters of Various Kinds. 12.05 am A Little Night Music.

HTV

10.20 am Dynomutt—the Dog Wonder. 10.40 You Can Make It. 11.05 Magic Circle. 11.30 Rogue's Rock. 12.30 pm The Open Air. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Job-Line. 2.30 The Monday Matinee: "Long John Silver." 5.15 University Challenge. 6.00 Report West. 6.22 Report Wales. 10.35 Cinema Club: "The Bitter Tears of Petra von Kant."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 2.00-2.30 Hamdden. 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.25 pm Report West Headlines. 6.22-6.45 Report West Headlines.

SCOTTISH

10.20 am The Beachcombers. 10.40 You Can Make It. 11.10 Magic Circle. 11.35 Rogue's Rock. 12.30 pm Gardening Today. 1.25 News and Road Report. †2.25 Monday Film Matinee: "The Iron Maiden" starring Michael Craig. 4.10 Cartoon Time. 5.15 University Challenge. 6.00 Scotland Today. 6.30 Crimedesk. 10.30 World Worth Keeping. 11.00 Late Call. 11.05 M'Lords, Ladies and Gentlemen. 12.05 am The Big Break.

SOUTHERN

10.20 am Woody Woodpecker. 10.40 You Can Make It. 11.05 Magic Circle. 11.30 Rogue's Rock. 12.30 pm Farm Progress. 1.20 Southern News. 2.00 Houseparty. 2.25 Monday Matinee: "The Girl in the Red Velvet Swing" starring Ray Milland. 5.15 Laverne and Shirley. 6.00 Day by Day. 10.30 Talking Bikes. 11.00 Southern News Extra. 11.10 The Law Centre.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 10.20 Ride to a Spanish Virgin. 11.00 Cartoon Time. 11.05 Magic Circle. 11.35 Rogue's Rock. 12.30 pm Last of the Wild. 1.20 North East News and Lookaround. 2.25 Power Without Glory. 3.20 Generation Scene. 3.35 Cartoon Time. 3.50 The Adventures of Muhammed Ali. 5.15 University Challenge. 6.00 Northern Life. 6.40 Police Call. 10.30 Revolver. 11.15 Law Centre. 12.15 am Epilogue.

ULSTER

10.20 am Lost Islands. 10.40 You Can Make It. 11.05 Magic Circle. 11.30 Rogue's Rock. 12.30 pm The Open Air. 1.20 Lunchtime. 2.25 Monday Matinee: "Heavens Above" starring Peter Sellers. 4.18 Ulster News Headlines. 5.15 University Challenge. 6.00 Ulster Television News. 6.05 The Beverley Hillbillies. 6.30 Reports. 10.30 Fireside Theatre. 11.25 Bedtime.

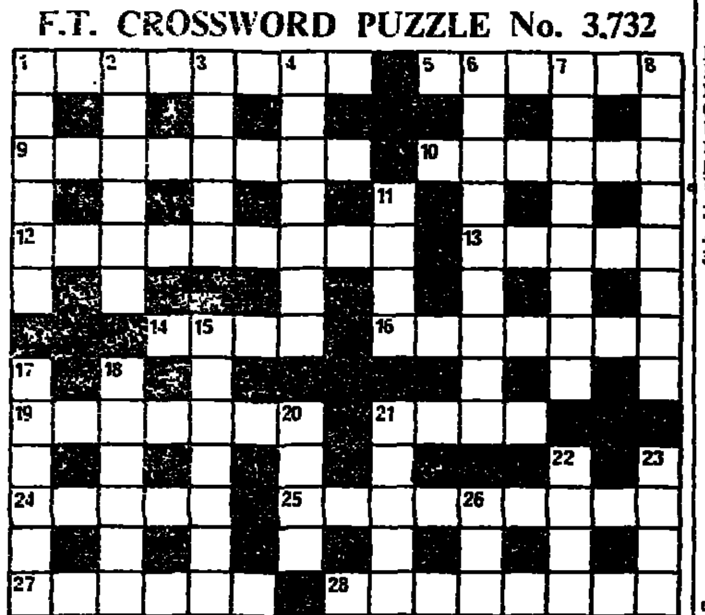
WESTWARD

10.20 am Skippy. 10.40 You Can Make It. 11.05 Magic Circle. 11.30 Rogue's Rock. 12.27 pm Gus Honeybun's Birthdays. 12.30 The Shape of Things. 1.20 Westward News Headlines. †2.25 The Monday Matinee: "Anna Karenina" starring Vivien Leigh and Ralph Richardson. 5.15 University Challenge. 6.00 Westward Diary. 6.25 Sports Desk. 10.28 Westward Late News. 10.30 Encounter. †11.00 Late Night Movie: "The Lady Vanishes" starring Margaret Lockwood. 12.40 am Faith for Life.

YORKSHIRE

10.20 am Power Without Glory. 11.10 Clue Club. 11.35 Wildlife Cinema. 12.30 pm Farming Outlook. 1.20 Calendar News. †2.25 Monday Matinee: "Love From A Stranger." 4.15 Cartoon Time. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Calendar: The Best Sellers. 11.00 Law Centre.

F.T. CROSSWORD PUZZLE No. 3,732



ACROSS

1 Such refreshment is heavenly (8)
5 Strive for higher things like a good engineer (6)
9 Daudet's hero takes a couple of sailors within (8)
10 Sandwich for one with a high temperature to follow (3, 3)
12 Retrospective in heraldry (9)
13 The merit of a speechless poet (5)
14 Goods from a Hertfordshire town (4)
16 Visual effect of a disorderly coal tip (7)
19 The poor man's one possession (3-4)
21 Sporting call in West End district (4)
24 Escapists dwell in this kind of tower (5)
25 What a sprinter should do to get a meal (9)
27 Afflictions including the possibles and probables (6)
28 A disorderly performance—to make your conversation unintelligible (8)
29 The girl is in the valley (6)
30 This boy can do no wrong (4-4)

DOWN

1 Changes essential features, we hear, in church (6)
2 Herb makes the fellow fly into a temper (6)
3 Light-hearted after walking, and ready to broadcast (2, 3)
4 Copy one friend who has it in him (7)
6 Vigil after a period gives precision timing (4-5)
7 To make a formal charge about the engineer is not straight (8)
8 You can't 28 without breaking this (3-5)
11 Became an emperor although starting from nothing (4)
15 "Or sport with —— in the shade" (Milton) (9)
17 Portrayed an ancient Briton in the act (8)
18 Uncle from Spain in English county shows consecration (8)
20 Ruthless ball-player (4)
21 Strange clients make master sheet for copies (7)
22 It's a large bottle—we need the bus, lad (6)
23 Take heed—an abstainer is coming to object (6)
26 Jack's a rogue (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

RADIO 1 247m

(S) Stereophonic broadcast
‡Medium Wave
(B) Binaural broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow from Hunstanton. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn including National Pop Panel. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Richard Vaughan with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 Bill Prince (S) including 5.45 Sports Desk. 6.40 Commonwealth Games Sports Desk. 7.02 BBC Northern Radio Orchestra (S). 7.30 Sports Desk. 7.33 Alan Dell: 7.33 The Dance Band Days: 8.02 The Big Band Sound (S). 9.02 Humphrey Lyttelton with The Best of Jazz on records (S). 9.55 Sports Desk. 10.02 Town and Country Quiz. 10.30 Star Sound. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Boccherini (S). 10.00 C.P.E. Bach and Mozart piano recital (S). 10.40 Song Recital (S). 11.25 Cricket: First Test: England v. New Zealand including 1.35 pm News. 1.40 Your Letters Answered. 2.00 Lunchtime scoreboard. 6.40 Lifelines: Home and Family. 7.30 Proms 78 concert, part 1: Brahms (S). 8.20 The Work of a Lifetime: Gilbert Scott, Henry Cole and the Albert Memorial. 8.40 Proms 78, part 2: Lutoslawski, Dvorak (S). 9.20 "The Revenge," play without words by Andrews Sachs (s & b) (repeated 11.15 pm). 9.50 Plainsong and the Rise of European Music (S). 10.30 Dennis Brain. 10.45 Jazz in Britain: The Stan Tracey Quartet (S). 11.15 "The Revenge" (s & b). 11.45 News. 11.50-11.55 Tonight's Schubert Song on record.

VHF—6.00-7.00 am Open University. 7.10 With M/W. 11.25 BBC Scottish Symphony Orchestra concert, part 1: Mozart (S). 11.50 In Short (talk). 12.00 Concert part 2: Beethoven (S). 1.00 pm News. 1.05 Humphrey Procter-Gregg concert to mark his 83rd birthday (S). 1.55 Royal Festival Hall Organ Recital (S). 2.50 Matinee Musicale (S). 3.50 Ilse Wolf song recital (S). 4.35 New Records of music by Balakirev (S). 5.15 Bandstand (S). 5.45-7.30 Open University. 7.30 With M/W.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Week. 6.30 Today: Magazine, including 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 8.35 The Week On Four. 8.45 James Cameron with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Desmond Wilcox. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Workers' Playtime (S). 11.50 Announcements. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1978. 12.55 Weather; programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather; programme news. 6.00 News. 6.30 Share and Share Alike (S). 7.00 News. 7.05 The Archers. 7.20 From Our Own Correspondent. 7.45 The Monday Play: "The Merry Wives of Windsor" by William Shakespeare (S). 9.15 Near Myths. 9.30 Lambeth Conference Report. 9.40 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Origins. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.00 From the Original Soundtrack. 7.30 Black Londoners. 8.30 Breakthrough. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05—Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Tony Myatt (S). 12.00 Dave Cash (S). 3.00 pm Peter Young (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen Late Show (S). 2.00 am Mike Smith's Night Flight (S).

Albert Hall/Radio 3

Messiaen and Stravinsky

by ANDREW PORTER

Thursday's Prom was an evening of sharp, bright instrumental colours. The programme was Olivier Messiaen's *Exotic Birds* and his *Et exspecto*, and then Stravinsky's *Oedipus Rex*. The first half showed off the splendid acoustics of the hall. The bird piece rang out with unusual clarity: plenty of space around the 19 players, plenty of space around the music, and yet no muddle in the sounds. The piano solo was played by Jean-Rodolphe Kars, its most elegant interpreter since he won the Messiaen Concours, with this piece, at the Royal Festival ten years ago.

In a preface to the score of *Et exspecto*, the composer recalls its first performances: in the Sainte Chapelle one sunny May morning when a blaze from the windows "added new splashes of colour to those of the music," and then in Chartres, after High Mass, with De Gaulle and suite in the south transept and André Malraux (who commissioned the piece) and much of the Cabinet in the front of the nave. Messiaen's composition methods are lucid to the point of being schematic, but his aim is to communicate rapture, to celebrate faith, love, and joy. A listener's surrender is likely to be most complete when either there is, or by memory and imagination he can evoke, the adventitious aids of appropriate settings natural or numinous.

The performers of *Exotic Birds* are urged to study the composer's account of the various birds' appearance. (After years in America, home of many of the exotic songsters pictured within, I could achieve a more precise visual response to the work.) The items in his *Bird Catalogue* for piano, are introduced by vivid descriptions of the landscapes where the subjects sing. The background for *Et exspecto* includes Mayan and Egyptian monuments, medieval cathedrals, thoughts of St. Thomas Aquinas, and the solemn, powerful scenery of the Dauphiné Alps, Messiaen's (and Berlioz's) birthplace. The Albert Hall is a noble building rich in history, patinous with associations, but not inherently a place of *splendours mystiques*. So, in preparation for *Et Exspecto*, I allowed memories of the Sainte Chapelle, of Chartres, and of hard dawn light in the Dauphiné to flood me. The hall itself seconded the resonance and grandeur of the music. Despite some moments of straying ensemble, the winds and percussion of the BBC Orchestra, under Serge Baudo (who conducted the first performances of the piece), enacted a large and awesome ceremony.

Oedipus was conducted by Andrew Davis—his third Prom in a week—with a well-nigh ideal combination of energy, clarity, and lyricism. The instrumental playing was first-rate. In the title role, John Mitchinson was commanding but unsteady of tone. Janet Baker sang Jocasta's aria with eloquence and beauty but lacked force in the tarantella duet. John Shirley-Quirk's Creon and Messenger sounded feeble. Anthony Rolfe Johnson's singing of the lightly accompanied *racconto dei pastore* was sweet and pure. John Westbrook's narration was well judged—but he should look up the English pronunciation of Jocasta and Laius. Excellent chorus, the men of the BBC Singers.

The only Hallé Prom of the season, the previous Saturday, opened with Gordon Crosse's *Some Marches on a Ground* (1970), a parergon to his opera *The Story of Vasco* and an arresting, imaginative 12-minute stretch of music. The performance was not ideally balanced: the march variations, for winds and percussion, on a buoyant, Ockeghem-derived theme, tended to obliterate the simultaneous string variations on a different theme which provide both the passacaglia ground and a "ground swell" behind the martial events. Maybe the composer has slightly overestimated the ability of pizzicato detail to carry through full ensemble; maybe the hall favours sustained, at the expense of plucked, sounds. (Pizzicato statements also disappeared in the otherwise marvellously audible account of Maxwell Davies's Symphony, four days later.) *Some Marches*—it is recorded on RCA, by the Louisville Orchestra—deserved to become a repertory piece.

John Lill as soloist in Beethoven's First Piano Concerto was unremarkable. The Elgar First, which closed the programme, was disappointing. Having read that the Hallé under James Loughran is in excellent shape, I looked forward to hearing it in the symphony that it first played, in 1908. But the tone was poor, string/wind sequences were unbalanced, and the movements did not cohere.

Warehouse

A & R

by ARTHUR SANDLES

Any writer whose work demands both music and the spoken word from performers is treading a perilous path. The actor-musician is a rare beast and, while the cinema has grown skilled in using its gadgetry to disguise shortfalls in either field, the stage can leave any inadequacies cruelly exposed.

A. & R. is a new play by Pete Atkin, a writer-musician who has suffered in the cross currents of pop music's cut-throat business manners, and offers the dreaded mix, with surprisingly undisastrous results. First performed at Edinburgh last year, and now considerably revised, it concerns musicians being made and broken by the pop system and their reactions to it. It makes no judgments, other than to suggest by implication that what happens is wrong. You emerge as irritated by the unwordliness of aspiring rock stars as depressed by the manipulation to which they are subjected.

Atkin's play is not a musical, although the music is an integral part of it. It is set in 1976, which is shrewdly far enough back to excuse the fact that this team would be considered a bit *passé* at the Rock Garden, the Covent Garden pop centre scarcely a stone's throw from the Warehouse itself, and yet current enough to be comprehensible. Abba, you may recall, were topping the hit parade. In a tatty recording studio a pop singer (played by David Shaw-Parker), with one hit to his name, is experimenting with the sounds which might give him new access to the charts. He is joined by a woman singer from a group which has just broken up (Anne Raitt) and a songwriter whose war with the world has been helped along by some crushing financial manouvres by record companies (David Threlfall).

All this sounds a bit daunting if you do not happen to be deep into pop or rock—not necessarily the same thing these days. But the total effect is quite pleasing. The music/play mix obviously causes confusion to some. On the night I saw it the audience was not quite clear whether it should applaud the band's numbers *a la* musical, or stay silent *a la* play. Well, that at least shows Atkin is doing something different.

The acting side of the evening is very much held together by one of the few non-musicians in the cast, Barrie Rutter as the recording engineer. The engineer is written in as a bit of light relief and as the emulsifier for the play's various parts. It works. Anne Raitt is suitably confused as the singer on the brink of opting out of the music business, or plunging further in, and clever enough in her nuances to convince that she is hooked forever. David Shaw-Parker had a patchy start but settled down once he had a few songs under his belt—a performance which will probably grow over the few weeks left in the play's run in the Warehouse summer repertoire.

I walked from the Warehouse on a hot summer Saturday evening through what is increasingly an active, indeed festive, Covent Garden area. The sounds of punky group Sore Throat came from the Rock Garden cellar. Clearly it is a sound in some demand, for there they were again on ATV's horrid mish mash of a late night pop show, *Revolver*.

I had been muob better off at the Warehouse.

Guildhall, E.C.2.

Sarbu/LSO

by ARTHUR JACOBS

Friday's concert with the London Symphony Orchestra served primarily to introduce, within the context of a normal orchestral programme, the winner of the Carl Flesch International Violin Competition. Eugene Sarbu seized the occasion well. Thanks to the organisation of the City of London Festival, this was also a rare opportunity to hear orchestral music in the City's historic Guildhall.

In the ears of London concert-goers the accoustical norm has for over 25 years been set by the Royal Festival Hall—a rather dry sound, even under the system of added resonance introduced after the hall was opened. The much greater prolongation of sound at the Guildhall came almost as a shock. From the front seats I found it not unpleasant at first in the loud and exhilarating sounds of Berlioz's *Corsair* overture, but rather wearing as the evening progressed.

David Atherton was the conductor. The blurring of sound caught him unawares once or twice by submerging the openings of themes in Sibelius's Fifth Symphony. The slow movement, moreover, came to a rather abrupt end. But in pace and character the symphony carried its usual conviction.

From a choice of concertos Eugene Sarbu had selected Brahms's in the competition itself and now repeated it. At 27, he must be considered a fully mature player with a mastery immediately demonstrated in the first movement. I noticed particularly the controlled tension (with a barely perceptible *ritardando*) at the vital point which leads back to a return of the opening. Individual detail was balanced against a long-range span, smooth delivery against bold articulation. The slow movement was likewise admirable and I was surprised to detect a certain unease — in intonation as well as in expression — in the finale. But I do not doubt that Mr. Sarbu is a stayer.

I owe apologies to two of his fellow-finalists to whom I affixed wrong gradings in later editions of last Friday's paper. The full tally of prizewinners was: (1) Eugene Sarbu (Romania), (2) Takashi Shimizu (Japan), (3) Fiona Vanderspar (UK), (4) Vanya Milanova (Bulgaria), (5) Krzysztof Smietana (Poland), (6) Valentin Stefanov (Bulgaria).

Georgina Hale, Estelle Kohler, and Janet Suzman

Leonard Burt

Open Space

Boo Hoo

by MICHAEL COVENEY

A '40s dance band plays the song of the title before curtain up. It is a weepy foxtrot whose mood is briskly despatched as Philip Magdalany's abrupt comedy presents us with a trio of high-class whores gathering in a Miami penthouse in the shadow of an economic summit conference. In 1974, Charles Marowitz directed a Magdalany comedy for the RSC which penetrated a CIA underworld of homosexual intrigue and shower-room follies. The actual business of sex was kept firmly at arm's length, much as it is here.

The play is all surface, hectically constructed around the odd genuinely funny line—"A wife is only a whore with an exclusive customer" — but tantalisingly devoid of central passion or real point. As an exercise in a kind of camp, dry style relatively new to British theatre audiences, it is fascinating. The world of promiscuous business is sacrificed in a series of internal encounters for a stream of brittle statements on the theme of feminine paranoia. We may never get to know any of the characters very well, but we certainly learn how to take them.

There is Melanie, into therapy and stiff drinks, a horrendously temperamental bitch played at mercilessly full throttle by Georgina Hale. Sally arrives in a state of charged desperation, anxious to involve her buddies in the murder of a millionaire husband—Estelle Kohler is both vulnerable and demanding, switching expressions of complicity and friendship in a superbly maintained display of accelerating hysteria. And, presiding over the convention, Janet Suzman swans around the apartment with its deco windows and Allen Jones coffee table ready for anything, whether it be news of the latest boudoir folly or accusations of latent lesbianism, with the clinically detached grandeur of a natural top cat.

Mr. Marowitz's production is resolutely hollow, playing bravely for laughs and building inexorably to the funniest final 20 minutes I have enjoyed in a long while. By this time, Suzman's Minerva has come clean with a confession of maternity, but even this information is no more to Melanie than a cue for a sharp line: "How can she be my mother, I've known her all my life?" Is *the latent lesbian a dominant* mother after all?

It all amounts to a fast and off-beat entertainment, a sharp concoction to be downed hastily like a well-mixed Martini that leaves you thirsting for more. The splendidly witty design is by Timian Alsaker; the ladies' clothes are a gorgeous guide to what the best-dressed whore wears nowadays.

Coliseum

La Bohème

by ELIZABETH FORBES

Despite the warm and sultry weather, Puccini's immortal Bohemians shivered convincingly on their return to the English *National Opera's repertory at the* Coliseum on Saturday night. Jean-Claude Auvray's production of *La Bohème*, now rehearsed by Seven Pimlott, has been considerably modified since its first performance just under a year ago; in particular, activity during the scene outside the Café Momus has become less frenetic. Nevertheless this act remains the least satisfactory of the four, despite Hubert Monloup's superb set *(which elicited a round of* applause, fully deserved but very distracting, at curtain-rise).

Musette's Waltz Song is more persuasively staged, but Schaunard's gratuitous girlfriend still masks Mimi and Rudolph, forcing them to stand or climb on their chairs in order to be seen and heard—incidentally, if Musette and Lucille (Mimi) as in Murger, why not Rodolphe, which better fits the vocal line than the Anglicised version? However, though his handling of crowd scenes is prone to over-exuberance, M. Auvray's direction of the main characters has many thought-provoking, Murger-inspired ideas: for example, the emphasis on the relationship between the four Bohemians which, less intense naturally than their love affairs, is ultimately of equal or greater importance to them.

A strong, evenly-balanced cast ensures that the audience's attention is focused where Puccini intended it to be, on the principal singers. Lorna Haywood, who last year sang Musette, now takes over Mimi, a role to which she is in many ways ideally suited; her voice, large enough to cope easily with the score's climactic moments, fines down to a thread without loss of tone quality, so Mimi's death scene has irresistible pathos. On the dramatic plane Miss Haywood, credibly consumptive, is no less successful in her assault on the spectators' tear ducts.

Lois McDonall, cast against vocal grain as Musette, is incapable of making the shrill sounds that some singers of this role deem appropriate, but she expresses the generosity of heart underlying Musette's prodigality with her favours unusually clearly, while her teasing of Marcel, though exceptionally good natured, is the more effective for being so sweetly sung. As Rudolph, David Rendall not only fills the Coliseum with ringing, unforced tone—hot weather is supposed to be good for tenor voices—but suggests both the extravagance of the poet, whose emotions, however genuine, are often slightly exaggerated, and the awareness of the writer, conscious that today's painful experience is tomorrow's literary subject.

Christian du Plessis as Marcel also conveys something of the artist's twofold response to suffering; the painter's feelings for Musette are probably deeper than Rupdolph's for Mimi, while his violent jealousy is matched by equally impetuous high-spirits in the Bohemians' horse-play. John Tomlinson, an impressive Colline, bids farewell to his venerable garment in resonant tones. David Marsh cannot match his three companions in size of voice, but gives Schaunard an appealingly youthful jauntiness. Denis Dowling repeats his sharply drawn and contrasted sketches of Benoit and Alcindro. David Lloyd-Jones, conducting, obtains from the orchestra delicacy as well as luxuriance, cheerfulness as well as heart-break.

Sir Peter Lely exhibition for London

The first exhibition ever to be devoted entirely to the work of Sir Peter Lely opens at the National Portrait Gallery Exhibition Rooms at 15 Carlton House Terrace on November 17. Sir Oliver Millar, Surveyor of the Queen's Pictures, has selected the exhibits and written the fully-illustrated catalogue. The exhibition comprises 59 oils—portraits and a substantial group of subject pictures—and almost as many drawings.

The exhibition will remain open until March 18.

Monte Carlo Sporting Club

Zizi

I don't know when or how, Renée Jeanmaire became finally transformed in "Zizi," but the lightning flash of the name suits her wonderfully well. The double nature of her art—dancer and goddess of the Music Hall—is entirely reconciled in her show, which I saw last week at the Monte Carlo Sporting Club. Only a dancer, because dancers are the most adaptable of theatre people, could encompass what Jeanmaire does, from songs delivered with a fine emotional flourish to a final apotheosis amid a cascade of ostrich plumes — pink ones, of course.

London remembers and loves Jeanmaire first and foremost as a dancer, supremely as Carmen in her husband Roland Petit's ballet, and she has remained true to something very like the boyishly bobbed hair that Carmen first wore. Jeanmaire the chanteuse, the divinity of the stage spectacular, with all the trappings of fur and feather and frenzied chorus limbs, we have seen only once when her "show" came to London a decade ago. It is Paris and Broadway and Hollywood which best know Jeanmaire as the incarnation of all we think of as Parisian chic, wit, verve.

These are still the qualities of the essential Zizi: in the Monte Carlo show, devised by Roland Petit, and with the backing of a group of boys from Petit's Ballet de Marseille, she is singer, dancer, star—and quite irresistible. The first appearance is in a cloak of feathers—Saint Laurent dresses her throughout in black and silver — which is thrown off to reveal a little pailletted tunic, the vivid, magnificent smile, and impeccable, witty legs.

There follow the songs—of love frustrated, adoring—which Zizi sends out into the world with all the proper semblances of despair and joy, but given an extra edge of intensity because gesture is so apt and controlled, and because the dancer's body doesn't waste a single effort: the way in which she "choreographs" these songs is exemplary. The dance numbers are electric. In white tie and tails she offers *Just a Gigolo* with all the style in the world, and in English; in another St. Laurent outfit she joins what I am sure are known as "ses boys" in *Peanuts*, and seems somehow to get herself involved as a passer-by in *I left my hat in Haiti*. She has a number with Luigi Bonino (a fine soloist from the Marseille Ballet) in which a dinner date turns into an adagio dance; and as a final explosion comes her celebrate *Mon true en plumes*. This is Zizi in excelsis, with ten boys, each armed with an enveloping pink ostrich-feather fan, to surround her with a foam of plumage from which, like a Venus of the Music Halls, she seems to be born.

CLEMENT CRISP

Albert Hall/Radio 3

Jeunesses musicales

A symphony orchestra of teenage musicians can, in the right circumstances, and under the right conductor, not only match the standard of the finest professional orchestra, but actually surpass it. The performance of Stravinsky's *Rite of Spring* given five years ago by the National Youth Orchestra under Pierre Boulez was an unforgettable event. Every detail of the score emerged new-found—new-minted, sparkling with detail, vibrantly alive: it was without exaggeration, and without need of any special pleading, the most impressive, and the most exciting, account of the *Rite* I have heard from any orchestra in any concert hall.

Whatever the particular alchemical mix may have been on that evening—and I suspect that Boulez himself was the chief catalyst—the recipe is not infallible. Youth orchestras change their members from year to year; and by no means all conductors, accustomed to working internationally with professionals, respond to the rather special needs and sensibilities of a young and inexperienced band. The Prom concert given by the Jeunesses Musicales World Orchestra on Saturday evening under Lawrence Foster was enjoyable in its fashion, but not specially remarkable. It was hardly an indulgent evening. Almost all of Foster's tempi were fast, and some of them were very fast indeed: the whole of his Brahms third symphony seemed a race against time, every section driven breathlessly on, unyielding, unrelenting. No trace of broadness or centre in any movement: even—strangest bathos — in the final brass chorale.

The pleasure of the performance, and also that of Bartok's Concerto for Orchestra which followed, were chiefly incidental: much fine wind playing, creamy horns, pungent trombones, several exceptional flute and oboe solos, and a brilliant young girl trumpeter from Sweden who showed off stylishly in the Bartok's finale, some lovely transparent instrumental textures; and everywhere, an instant and willing response. The overture, Britten's Prelude and Fugue for strings, done in the circumstances very creditably by a group of 18 from the orchestra, flashed by at breakneck speed.

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Monday July 31 1978

Yet another lame duck

THE SLOWDOWN in the growth of world trade has created a new threat to employment hopes in many countries as well as exacerbating the difficulties which various industrial sectors have been experiencing as a result of technological or structural change. But it has not basically altered the choice of responses available to governments in dealing with the consequences at the level of the individual firm.

Where the threat to employment genuinely appears to be temporary and there is a real and early prospect of a company regaining viability, a case might be made for the grant of state financial assistance to help tide the company over its difficulties, provided always that such aid is used in ways which promote rather than hinder its adaptation and provided, too, that the aid is given only when and for as long as it is necessary.

When these conditions do not exist, the only sensible course is to concentrate upon such matters as retraining facilities, redundancy terms, and encouraging the creation of new activities so as to provide alternative jobs. To try to preserve jobs for which there is no longer any requirement is not only a futile waste of public money but can also be economically and socially harmful in that it will delay the inevitable adjustment of both the company concerned and its employees to the changed circumstances—as the fate of the Beswick steel plant closures review, to cite just one of any number of examples, demonstrated.

No future

It had seemed that the Government had learned this lesson. When the Prime Minister was asked in the Commons in May about the Port of London Authority's proposals for the closure of its remaining upstream docks in East London, he told MPs that commercial criteria must be the test. There would be no long-term future for this country, Mr. Callaghan explained, if we were to continue permanently to subsidise facilities for which there is no use. It now appears that other thoughts have prevailed. The Government has evidently decided to provide the PLA with sufficient finance to save both the Royals and the India and Millwall groups of upstream docks for at least a further period.

If the difficulties of the upstream docks looked like being a passing problem or if they had arisen suddenly and unexpectedly and efforts to restore their competitiveness had not been previously made, such a decision might be excusable. But none of these qualifications apply. The docks concerned have been losing trade for years. A combination of technological change—in this instance containerisation, and the development of modern facilities downstream at Tilbury — overmanning, restrictive labour practices, and inter-union rivalry has made it impossible for the PLA to o'ffer traders the service and the price they expect and are able to obtain elsewhere.

Slow response

This is not the first time the PLA has broached the question of closure. It was persuaded to keep open the Royals group two years ago, on the promise of a Government-guaranteed loan and trade union offers of improved working practices. The improvement has not materialised and the losses the upstream docks have incurred have drained funds which shcould have gone into investment in the rest of the port. The latest reprieve is hardly likely to alter the prospect. Even if efficiency were to improve cut of all recognition, the upstream docks would need to attract almost 50 per cent more traffic to become profitable.

It may be said that another reprieve is necessary in order to avoid damaging the plans to bring new activities to London's dockland. But, as an article on this page indicates, the plight of dockland has been made a good deal worse than it need have been by the slow bureaucratic response of officialdom at both local and national level. The need to act could be perceived years ago but it is only relatively recently that policies have begun to be adapted. This Government has talked a lot about the need for greater efficiency. Yet it has invariably failed to set a lead when it is presented with a chance.

Dr. Soares in trouble again

THE REMARKS of Portuguese politicians should not always be taken at their face value. After his dismissal from the Premiership by President Eanes at the end of last week, Dr. Mario Soares, the Socialist leader, proclaimed that his days as Prime Minister were permanently over. He has now agreed to go on running the country, at least on a caretaker basis, and the chances are that he will be back again in the future. Sr. Freitas Do Amaral, leader of the Conservative junior partner in Dr. Soares's coalition, first announced that he had no intention of bringing down the Government, and then withdrew from it—making it virtually inevitable that President Eanes would initiate a Governmental crisis by dismissing Dr. Soares.

Elections

Both party leaders seem to have gone rather further than they intended. Dr. Soares wants to remain Prime Minister and does not want to precipitate early elections. Nor does Sr. Freitas Do Amaral. His blunt challenge to Dr. Soares was inspired by fears that he might be overtaken on his right by the newly reorganised Social Democrats, who have been launching sharp attacks on both Dr. Soares and President Eanes from the opposition benches. Sr. Freitas Do Amaral's Conservatives felt they could no longer afford to muzzle their genuine resentment at the Socialists' land ownership and health policies—both far too left-wing for their liking.

It is not a good moment for another Portuguese political crisis—even if most of the country is on holiday and not taking politics too seriously for the next few weeks. The Government still has to convince Portugal's foreign creditors that the country is being run efficiently. An important \$300m American loan is due to be signed in 10 days' time, and the Government hopes to open EEC entry negotiations in the autumn. The Community's decision to negotiate with Portugal was not taken on economic grounds. Its main purpose in agreeing to the admission of new Southern members is to underpin the fledgling democracies in Athens, Lisbon and Madrid. It will want to be quite clear about the nature of the regimes it is negotiating with.

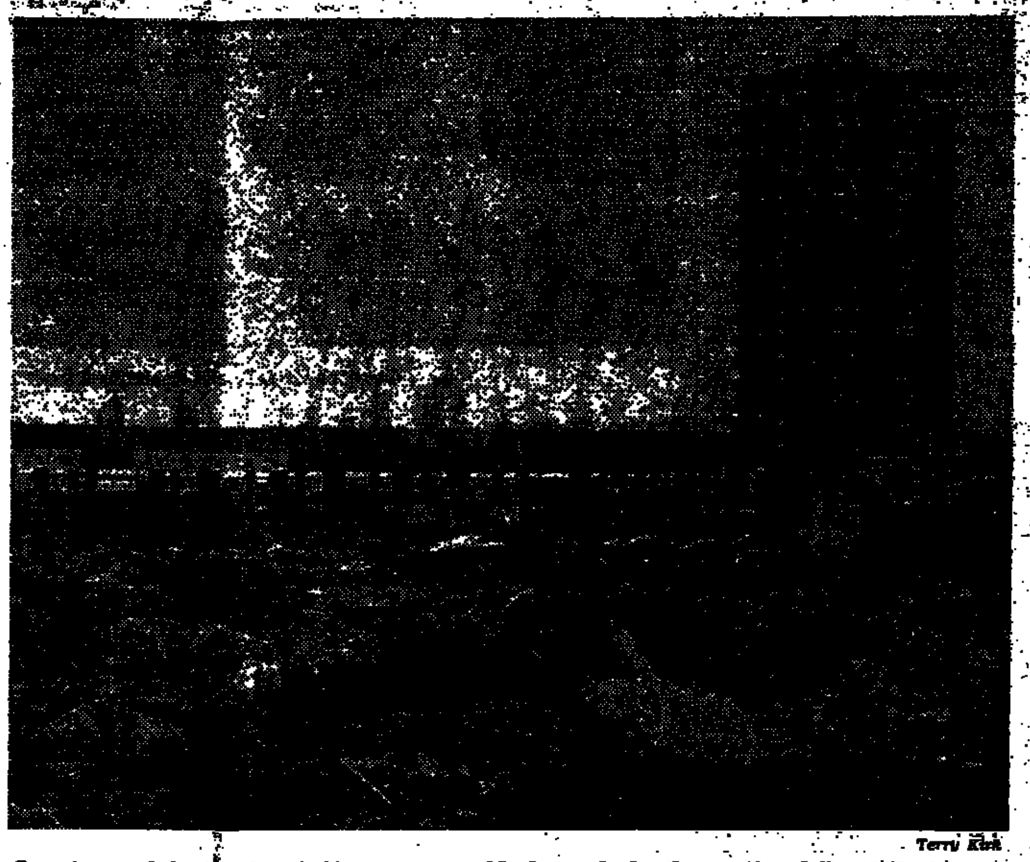
If only for this reason, the hope must be that Dr. Soares can patch up his differences with the Conservatives and continue in office. The two parties had been getting along quite happily until the latest crisis blew up. When the Conservatives agreed to join forces with Dr. Soares's minority Socialist Government only six months ago—after it had fallen last December — the widely expressed hope was that the coalition would last until the next scheduled general elections in 1980. If the rupture is now irreparable, early elections may have to be held. But legal and administrative complications are bound to delay the poll, probably at least until next January, ensuring several months of uncertainty and confusion.

Mood

There is no obvious alternative to a continuation of the present coalition. Dr. Soares is unlikely to feel able to work with the Social Democrats, with whose leader, Sr. Francisco Sa Carneiro, he has long been at daggers drawn. He also has enough sense to realise that a coalition with the Communists, who have long called for an opening to the left, is politically impossible. The mood of the country is moving to the right, and Dr. Soares does not in any case want to do anything to compromise his democratic credentials on the international front. If he were to try to carry on with a minority Government, with no understanding with any other party, he could be brought down in a vote of confidence from one moment to the next.

The battle to turn the tide for London's East End

BY ALAN PIKE



Terry Kirk

Symptoms of inner city decline—a tower block overlooks the reprieved Royal Docks and rubble left after the demolition of industrial premises.

THE DOCKLANDS to the east of London represent the "largest single area of urban development in Europe today and the largest that has arisen in London since the Great Fire in 1666."

These were the breathtaking terms in which a planning report published exactly two years ago viewed the scale of a £2bn development strategy to rejuvenate one of the most complex areas of inner city decline in Britain.

The report itself, the London Docklands Strategic Plan, was not greeted with immediate rejoicing in the streets of East London. There had been other reports through the years and none had been able to overcome the central problem — the fact that policies of successive governments had persuaded or compelled industry to move elsewhere.

In more recent months, however, there have been signs of a slight awakening of confidence. Not only did the Government accept the Strategic Plan but its Inner Urban Areas Bill is designed to remove the institutional barriers to industrial development in areas like the docklands and to revive both the economies and living standards of the inner cities.

But this confidence—trade unionists and local authority leaders from East London have stressed to the Government during a frantic campaign mounted over the past three weeks—could not withstand the loss of the Royal group of docks. Dozens of interest groups in East London were mobilised to resist the Port of London Authority's attempt to close the Royals next year and the Government's announcement, expected early this week, to retain the docks will be greeted with relief throughout the community.

The fight to save the Royals has been based upon far more than the loss of several thousand jobs in the docks and related industries which it would have involved. At the heart of the campaign—and the reason why it has involved groups with no direct employment interest—has been a fear that the image of East London, struggling to reverse decades of decline and attract new employers to the area, simply could not stand the loss of such a major part of one of its basic industries.

A complaint frequently heard in the docklands boroughs is that people in other parts of Britain — and for that matter other parts of London — do not fully appreciate the importance of industry to the area. Unlike many other suburbs the East London boroughs are not primarily dormitories sending commuters to white-collar employment in Central London.

About two-thirds of the male population of the docklands boroughs of Tower Hamlets, Southwark and Newham are in manual jobs compared with less than half in the male workforce of London as a whole. This pattern, alongside a history of declining industries, has left parts of the area with an unemployment problem to rival some of the worst blackspots in the country.

The Strategic Plan for tackling such problems was produced by the Docklands Joint Committee, a body appointed by the Government in 1974 on which the Greater London Council and the boroughs of Greenwich, Lewisham, Newham, Southwark and Tower Hamlets were represented.

In its report the committee described the background to the problem in these words: "East London, and particularly docklands, grew up at about the same time as the older industrial areas in the Midlands and North of the country. During the last war it was the most heavily bombed civilian target in the country. Since then, apart from the more insidious decline in population, many docks closed in quick succession. Now it has all the symptoms of decline of the older urban areas of the country, many of which have long since been recognised as needing special help towards improvement.

"The signs are not just unemployment statistics, which are only the tip of the iceberg and do not fully reflect the economic state of the area because it is part of a larger conurbation. The signs are the overall economic, housing, transport and environmental state of docklands and the docklands boroughs and the rate at which things are deteriorating."

The Dockland Joint Committee's priorities for tackling this massive canvas of problems are completely different from those of a previous ill-starred package of solutions to East London's difficulties — the 1973 Travers Morgan plan. This envisaged developing the business and commercial centre of London into the eastern boroughs and regenerating the economy of the area by bringing the "West End into the East End."

Ambitious job target

Such an approach is rejected by the present strategy which concentrates instead upon modernising the area's traditional industrial base and wooing lost jobs back to East London. The report considers it very uncertain that the development of office-based jobs would be able to compensate for lost industrial employment and says that, in any case, "the social upheaval that would be likely to arise from East London adjusting so rapidly to a radical change in the employment base would be unacceptable."

The area defined as docklands in the Strategic Plan consists of 5,300 Thames-side acres in Newham, Tower Hamlets, Southwark, Lewisham and Greenwich—the bulk of it in the first two of these boroughs to the north of the river. It was envisaged in the report that 76,000 new jobs must be provided. Land for less than half this number will be available within the designated 5,300 acres and it is intended that the remainder will be provided elsewhere in the five boroughs.

If 76,000 jobs in a declining area sounds an ambitious target there is little dispute that a revival of this size is necessary for the area. The decline in the East London economy has progressed throughout almost all the century, although it was masked for many years by a drop in population. The former importance of the Port of London, coupled with good river and rail connections and the attraction of the metropolitan market, were responsible for the area's original industrial growth. In more recent years, however, road traffic congestion has reduced the communications advantage and the development of modern container-handling facilities at Tilbury has led to the decline not only in dock work but in dock-related industries. Gone, too, are many of the skilled workers who once enriched East London.

This reduction in natural advantages has been exacerbated by years of government policy which has encouraged many long-established East London firms to move to assisted areas and new towns. In one of the dockland boroughs — Newham — at least 120 local firms have closed down or moved away during the past decade. The effect of this on the structure of the labour market has been dramatic: in a single year 41 per cent of 6,000 men who moved out of the borough were foremen, supervisors and skilled workers.

During the past 15 years—and particularly in the last five — the loss of jobs has outstripped the decline in the area's population.

The groundwork on the plan to reverse the fortunes of East London has coincided with the Government's new strategy to regenerate the inner cities and the introduction of its Inner Urban Areas Bill. This gives local authorities powers to provide financial and other aid to the inner cities and the London docklands have been declared one of seven partnership areas qualifying for special assistance. One of the greatest complaints of the past is being rectified and in future docklands will have, second only to assisted areas, top priority for industrial development certificates.

Spurred on by this sign of the Government's good intentions, development work on the docklands strategy has already started. The biggest single potential development area is around Beckton in Newham, where the plan envisages between 9,600 and 12,000 new jobs by 1986. The local authority has embarked on the first phase of 8,000 new homes and there are plans for new shopping and other facilities and a district hospital. Hopes also remain that communications to the area will eventually be improved by the development of the new Jubilee underground line to Beckton.

But the Beckton site is in the very shadow of the Albert and King George V docks, which the strategic plan anticipated would remain open indefinitely. Since the PLA announcement, Newham councillors have spoken gloomily of building homes for unemployed people. They have fought to persuade the Government that the closure would lead to the market being flooded with cheap warehousing and other industrial activities in old dock buildings which would undercut the proposals for orderly, modern industrial development as well as presenting them with up to 681 acres of potential urban decay.

However, while the threat to the upper docks has given rise to intense campaigning and lobbying in recent weeks it is not the only aspect of concern among trade unionists about the application of the Government's inner cities strategy in London.

Earlier this month another trade union delegation, from the Greater London Association of Trades Councils and the South East Regional Council of the TUC, went to Whitehall to complain that what was needed was both involvement of the unions and a "massive increase in restarces" for the worst affected areas like East London if the philosophy of the Bill was to take concrete form. The unions are calling for the National Enterprise Board to examine the feasibility of direct new initiatives in such spots.

Meanwhile the development of the actual docklands area since the publication of the strategy two years ago has not been above criticism. The Docklands Forum, an interest group on which trade unions, community organisations and many other East London bodies are represented, argued in a recent report that despite some advances progress had been "desperately slow" and that the area's industrial decline was still "outstripping the plan's most pessimistic predictions." The Forum estimates that between 1973 and 1976 manufacturing jobs in the docklands area declined at a rate of 4.7 per cent a year while Tower Hamlets and Newham lost 17,600 industrial jobs—21 per cent of their total—during the three-year period. The Forum, like the unions, is concerned that the apparently attractive improvement in industrial development certificate priority applies only to the directly designated docklands area and not to East London generally.

The Docklands Joint Committee has responded by announcing a cash injection of more than £230m from national and local funds during the coming four years which will, it hopes, demonstrate to the East London public that the strategy is actually under way . . . and will act as a stimulus to the crucial task of winning industry back into the area.

The reprieve for the Royals which the Government is expected to announce this week will not, in itself, guarantee a long-term future for London's upper docks. Only two years ago the PLA was proposing to close the India and Millwall Docks and keep the Royals open. If the authority had been allowed to go ahead with the closure of the Royals next year, the India and Millwall complex would have survived, but only on probation to see if its efficiency could improve. Without new attitudes to the upper docks on both sides of industry, schemes for their demise can be expected to emerge again.

However, a decision to close any of the upper docks at this critical milestone in the redevelopment of East London would have left the Government's inner cities policy without any hope of reprieve in the eyes of London trade unionists. As one trade union representative told Ministers when the South-East TUC went to Whitehall earlier this month, the closure of the upper docks "obviously would make nonsense of the Inner Urban Areas Programme." Mr. Peter Shore was not among the Ministers present but, as both Secretary of State for the Environment and an MP for Tower Hamlets, it is a statement which must have caused him much concern in recent weeks.

MEN AND MATTERS

Money-makers making music

It is said that the quickest way for a show-business newcomer to lose his shirt is by backing a musical. Behind the rare hits such as Evita lurk the ghosts of many disasters. Three young Englishmen have decided they can beat the ominous tradition by running a musical as though it were a business venture: they are opening their first West End production next week. The eldest, Jeffrey Taylor, aged 35, is a director of a finance and insurance broking group. His partners are Ronald Morris, 31, the managing director of a company running more than 100 do-it-yourself shops, and actor Anthony Andrew, who is 30.

The trio have brought over from California a show called "The Great American Backstage Musical," which has run for a year in Los Angeles. They have also imported the original director and choreographer, in the belief that Britain does not breed such beings for musicals. But they have recruited a British cast—even though the show is a pastiche of Hollywood in the Betty Grable era.

Taylor and Morris leave you in no doubt that they expect to teach the show-business world some new tricks. "We studied the market very carefully," says Taylor. "Show business is terribly inefficient and most people go into it blindfold." Morris sings the same tune: "When I'm selling somebody a tin of paint, I can't live on promises. But most people try to in the theatre."

In the course of much more in similar ebullient vein, I gathered that the venture is costing a wary £30,000. Various "angels" have come in; the Theatre Investment Fund, which has Lord Goodman and Emile Littler on its committee, has also given support. But the trio have been modest in their choice of a theatre—the 600-seat Regent, near Broadcasting House. Until a few years ago it was a cinema, concentrating on X-titles. "But our musical will be a family show," says Morris firmly.

Down to earth

Countless thousands of travellers, crowded in airports all over Europe, are realising that there is little style and elegance in flying these days. So perhaps we should shed one tear for the demise of a British Airways de luxe charter service, where champagne awaited all passengers immediately they had mounted the steps.

The flight went three times a year from Heathrow for the parliamentary sessions of the Council of Europe. About 80 British representatives, from Commons and Lords, plus a like number of clerks and other minions, were whisked sumptuously to Strasbourg and back. "It was a jolly good junket," one of the parliamentarians told me wistfully this weekend; it seems that apart from the freely-flowing Pol Roger, scent and liquor were sold by the deferential cabin staff at rock-bottom prices.

But no longer. The Civil Aviation Authority has vetoed the Heathrow-Strasbourg prestige charter and an appeal by the overseas office at Westminster fell on stony ground. So the parliamentarians will have to be booked on workaday scheduled flights for the Council of Europe session starting on September 27. In view of what else may be looming then, and no champagne in prospect, apologies for absence could well be numerous.

Light relief

Two flying footnotes from the harsher here-and-now. Holidaymakers leaving from Newcastle airport are facing delays of up to 30 hours, so to ease the tedium a cinema has been installed in the airport's boardroom. It has been showing cartoons, Laurel and Hardy—and travel films. And at the East Midlands airport in Derby, two flights of pilgrims for Lourdes—where the sick traditionally pray for miracles—were given special clearance by the French air traffic controllers. The pilgrims were only a few minutes late leaving, whereas ordinary travellers waited up to 18 hours.

All dressed up

People still do find masterpieces in their attics, as witness this story from the Fine Art Society in Bond Street. The FAS has just had an exhibition of orientalist paintings, which included a small watercolour of explorer Sir Richard Burton disguised as an Arab before his historic journey to Mecca. The watercolour, by pre-Raphaelite artist Thomas Seddon, was reproduced in a newspaper—and it reminded one reader of a large oil painting which his wife had relegated to the attic some years earlier.

The man and his wife, whose names remain a secret, got down the painting and took it to Bond Street. When the grime had been removed, it proved to be the artist's major study of Burton, complete with full Arab costume and a camel. "Of course, it should be in the National Portrait Gallery," says Tony Carroll, one of the FAS staff. "We offered them a very considerable sum of money for it." Did they accept? "No, they were so chuffed that they just took the picture home again and for the moment are sitting looking at it."

Meant to win

The report in this column about a father and son who bought 200 copies of the Financial Times just to extract the share application forms evoked several tales of similar bids to shorten the odds. The most remarkable is of a reader—a man—who sent in 719 entries for a competition in the magazine Good Housekeeping. All were photostats of the original entry form and all had different answers. These "saturation" methods apparently paid off, by winning stereo equipment costing £600 and a small mountain of gramophone records.

Instant oenophilist

From an Ohio newspaper: "In all London restaurants worthy of the name the wine waiter will pour a small quantity of the wine into your glass for you to taste and comment on. If it has a nasty, musty flavor tell the w[illegible] r 'It's corking'."

Observer

FINANCIAL TIMES SURVEY

Monday July 31 1978

Egypt

In his Middle East peace initiative and his attempts to reform Egypt's political and economic systems, President Sadat has attempted much. This Survey assesses his success so far.

BASIC STATISTICS	
Area	386,900 sq. miles
Population	38.1m
GDP (1976)	E£5.8bn
Trade (1977)	
Imports	E£1.9bn
Exports	E£668m
Imports from UK	£190m
Exports to UK	£88.1m
Currency:	
Egyptian pound £1=E£0.734	
Tourist rate £1=E£1.27	

A risk of doing too much

By Roger Matthews
Cairo Correspondent

THERE ARE days, stumbling through the wrecked pavements of Cairo, pushed and jostled by the pressing mass of Cairenes, prey to open manhole covers, unfilled trenches, noxious pools of water, suicidal motorists, street sellers, moneychangers, oppressive heat and choking dust, when the future of Egypt seems at best obscure.

"There are days," said President Anwar Sadat in 1974, "in the lives of nations that cannot be measured in units of time, but are measured in terms of the horizons they open up, the hopes they present, the ideas they inspire, and the resolutions they inflame."

For Egypt's nearly 40m population, being added to at the rate of almost 1m every 12 months, crammed into the 5 per cent of the country that is habitable, with a literacy rate of just over 40 per cent and a gross national product per capita of $310, hope must indeed rank second only in importance to the River Nile. And hope is something that Mr. Sadat provides in large doses.

If the first springboard for hope in Egypt's modern history was the 1952 revolution, the second was the 1973 Middle East war. By crossing the Suez Canal the Egyptian army reduced the myth of Israeli military invincibility, restored enough pride to make peace negotiations a serious option, and raised the possibility of being able to free the country from part of its crippling defence expenditure. With Egypt's former economic model having run out of both steam and credibility, not just because of the $43bn spent on military exploits, the achievement of 1973 should never be underestimated. Today the opportunities for both peace and economic advance have rarely seemed brighter, and nor need they any longer appear mutually exclusive. However, they are both tantalisingly just outside the firm grasp of the regime.

Mr. Sadat naturally runs the risk of overreaching himself. He talked a week ago of peace being attainable "within hours" (if it was not for Mr. Menahem Begin, Israel's Prime Minister) and regularly promises that Egypt will be out of the economic tunnel and into the sunshine by the end of 1980. He is, as he always reminds his audience, an optimist. But it is a characteristic which, when applied to excess, could raise unrealisable expectations to the point of seriously provoking even the gently cynical and fatalistic Egyptian masses, whose patient acceptance of the status quo has given the country notable political stability.

Egypt's recent performance in the domestic political, international and economic arenas is inevitably closely linked to the interests, strengths and weaknesses of President Sadat rather than to the abilities of the Government. The President enjoys sitting alone and sketching the broad, often sweeping, lines of policy, but is irritated by details and application. For an essentially conservative man who draws his inspiration from the unchanging life of the rural village, the breadth of Mr. Sadat's actions has been impressive.

Economically, he is trying to transform what is a largely publicly-owned, centrally directed, low-wage, inefficient and heavily bureaucratic system into one that is open to market forces and has a flourishing private sector. Politically he dreams of a western-style democracy with "responsible" opposition parties that criticise respectfully but do not "subvert." Internationally he wishes to bring peace to the Middle East and has already adequately demonstrated his genuine desire for a settlement that would return occupied Arab lands and provide a solution to the Palestinian problem.

Whether so much should be attempted simultaneously and with such haste is debatable, especially when failure in one area must bring the threat of collapse in the other two. Although presidential aides argue that Mr. Sadat can successfully compartmentalise issues, it must always be difficult for a man of such sometimes volatile temperament who tends to see problems and successes in highly personal terms. Thus the close and vital relationship with the U.S. was until 18 months ago expressed in terms of "my dear friend Henry" (Kissinger), an affection that has now been transferred to President Jimmy Carter. Mr. Sadat similarly believes, to the anxiety of American diplomats, that he could swiftly achieve peace with Israel if he was negotiating with Defence Minister Ezer Weizmann or with opposition leader Shimon Peres, instead of the "intransigent" Mr. Begin.

On the domestic front, political opposition is narrowed down in the President's mind to a couple of hundred people, to those who exercised some influence before the 1952 revolutoin and those "centres of power" (shorthand for Moscow supporters) that tried to oust him after he succeeded President Gamal Abdul Nasser in 1970.

Within the Arab world the leaders of countries that opposed his visit to Jerusalem are characterised as "the mad bedouin" (Colonel Gaddafy of Libya) or as "pygmies and dwarfs." When, in February, Cypriot national guardsmen cut down 15 Egyptian commandos trying to storm a hijacked plane at Larnaca Airport it was President Spyros Kyprianou who bore the brunt of a bitter personal attack, and relations between the two countries have still not been restored.

Economic matters perhaps through lack of personalities do not figure largely in Mr. Sadat's speeches, although he has twice this year taken time out to tell a long and rambling story about how he borrowed £1m from the Ruler of Qatar, put it in his personal bank account, and then forgot about it for two years. The point of the story was to counter increasingly public allegations of widespread corruption within the regime and to demonstrate that genuine and theerfore permissible mistakes did occur. The President also becomes highly indignant at the vast personal fortunes that are being made in property development and land speculation by a few people in Cairo who have been swift to see the profitable short-term opportunities made available by the much-feted "open door" economic policy. But try to question Mr. Sadat about overall economic policy and he indicates only limited interest.

However, the economic effect of Mr. Sadat's policy switch from alignment with the Soviet Union to the U.S. and the West has been dramatic. Initially, and partly as a result of the rapid worldwide increase in inflation after the 1973 war, Egypt plunged into an alarming spiral of balance of payments deficits from which it is now only slowly recovering. With the country's ability to generate foreign exchange severely limited and exacerbated by arms-payment commitments to the eastern bloc it piled up external debts and was forced increasingly into the costly short-term market to purchase essential commodities and to meet debt servicing payments.

Egypt was also inevitably pushed into the arms of the International Monetary Fund, within whose embrace it will have to remain for the foreseeable future. After the initial near catastrophe of trying to reduce the growth in the Government's budget deficit by removing a number of basic subsidies—which provoked the bread riots of January 18 and 19 last year—economic reform and restructuring has progressed with greater caution and probably with more effect.

While the underlying position is still extremely serious, Egypt has nonetheless successfully broken out of its external financing difficulties via a rescheduling of debt commitments, massive assistance from Arab friends and western countries, plus a strongly improved domestic capability for genefating foreign exchange.

The credit for the at least temporary removal of this major constraint must in large part go to Dr. Abdel Moneim el-Kaissouny, who quit as Deputy Premier in charge of the economy earlier this year. The conflict between Dr. Kaissouny and Prime Minister Mamdouh Salem appears to have been the predictable one of economic need measured against what was considered to be political expediency. International anxiety over Dr. Kaissouny's departure has not been entirely dispelled, although a further three-year $720m IMF extended fund facility has been negotiated, albeit linked to ever more specific reforms such as measures to check population increase, to trim inflation, unify exchange rates, raise domestic interest rates more in line with international levels and control Government spending, especially in relation to subsidies.

At the first meeting last year of Egypt's main international creditors, the Consultative Group for Egypt arranged under the auspicies of the World Bank, the Government received total aid pledges of more than $5bn. This year the U.S. alone will contribute $1bn—an indication that it is not the total amount of foreign support that is Egypt's problem but rather the ability to use the money efficiently and according to an agreed set of priorities. The difficulties experienced by aid donors in getting their assistance utilised productively and on schedule are similar to those experienced by businessmen from the private sector, who complain not necessarily about the lack of opportunities that Egypt offers but about the bureaucratic inefficiency which prevents them from moving ahead.

President Sadat's Cabinet reshuffles have so far failed to resolve the problem and produce the political drive that he recognises is needed, and there is no immediate indication that the new political structure he is planning will prove any more effective. A liberal at heart, Mr. Sadat undoubtedly wishes Egypt to remain free from the concentration camps of the past and enjoy an amended form of Western democracy. The bitterness of his attacks on the Left-wing Unionist Progressive Party and the conservative New Wafd in May and June this year reflected both his sensitivity to criticism and his distress at the advantage that he thought some politicians were taking of his liberalisation programme. However, his tactic of calling a national referendum to crush a few dissident voices was greeted among many Egyptians with the same scepticism with which they heard former stalwarts of the politically repressive Nasser era shouting for the right to free speech and full political liberty.

Angered also at the unruly behaviour of the People's Assembly (Parliament) and its slowness in passing legislation that it did not much care for (the Tax Bill), Mr. Sadat has decided to sweep the lot away and then rebuild virtually the same ingredients in similar but outwardly different form. He is to launch and head a new party that will inevitably enjoy a substantial majority, while also encouraging the formation of another couple of parties that will be primarily Egyptian and will reflect only a slight left- or right-wing bias. At the same time a Code of Ethics is to be drawn up to govern behaviour in all walks of public life. The result, Mr. Sadat hopes, will be moderate and responsible Parliament, a more substantial popular power base for himself, a democratic model that can be displayed proudly to the rest of the world, and perhaps even membership of the Socialist International for the majority party leader.

Although Mr. Sadat has emphasised that his position as "Father of the great Egyptian family" will not be jeopardised by his decision to form a political party, there is no doubt that it will bring him down into the day-to-day controversy much more emphatically and force him to take more immediate responsibility for Government failures. Furthermore, and perhaps more threatening to the President over the longer term, the Parliament will more decisively not represent three important trends in Egyptian political life: the conservative Wafd, which dissolved itself recently in protest at the President's "anti-democratic" actions, the Marxist and Nasserite Left, which while numerically small has a certain influence in the

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Economic policy changes course

IN ITS discussions of the 1978-82 draft development plan for Egypt the People's Assembly identified seven main problems that would have to be tackled vigorously if the country was to be put on a sounder long-term footing. Although the list was by no means comprehensive it did serve to illustrate both the growing national awareness of the extent of the difficulties that were faced and the highly complex mix of deep-seated structural faults and more immediate issues that, if ignored, could prove politically disastrous.

The list, in no particular order of priorities, reads: A rapidly increasing population, mounting inflation, a substantial and persistent balance of payments deficit, a fall-off in the productivity of the labour force, inadequate savings and investment, a lack of professional skills at managerial level, and finally the obstructive effect of deeply ingrained traditional attitudes.

In Egypt they have been exacerbated by nearly two decades of neglect, the role that the nation plays in the Middle East conflict, and a domestic political situation that makes governments wary of introducing the much-needed reforms.

Following the 1973 war with Israel, at which point President Sadat has since said the Egyptian economy was "below zero," broad policy guidelines were laid down for restructuring and liberalising the economy. The major thrust of this so-called "open door" policy was aimed at a rapid increase in growth to be achieved by removing some of the constraints from a heavily centralised and largely publicly owned economy, while at the same time encouraging the small and demoralised private sector. One of the principal targets was the foreign investor who would, via a series of incentives, be encouraged to establish manufacturing facilities in Egypt and take advantage of the undoubted potential in local, Arab and international markets.

But, as in some other areas of Egyptian policy making, the breadth and vision of the initial announcement has not been matched by the willingness or ability of the bureaucracy to ensure that it was given every chance to succeed. Thus the "open door" policy has been unkindly dubbed the "door ajar" policy, and perhaps not surprisingly it has so far tended to emphasise the imbalance in the country's economy rather than helping to provide the broader and more technologically advanced industrial base that is sought.

In part this is due to the exceptional circumstances that prevailed in 1974. The prices of food items and other essential Egyptian imports soared, the balance of payments deficit worsened significantly, while the Government budget was pushed further into the red. Combined with the need for restocking after the war and the length of time that is required to disburse foreign aid commitments, Egypt was plunged into an external payments crisis from which it is only now emerging. Inevitably much of the Government's energy was directed toward grappling with this problem, and it is against this background that the success or failure of the restructuring programme has also to be measured.

Between 1973 and 1976 Egypt's import bill virtually tripled, climbing from \$1.6bn to over \$4.2bn. Over the same period the value of commodity exports rose from \$1bn to \$1.6bn. Although there were increased earnings from such "invisibles" as the Suez Canal, tourism and workers' remittances from abroad, the overall trade and services deficit topped \$1.5bn in 1976. With inflows of official external capital falling to under \$2bn in 1976—a decline of more than \$1.2bn—Egypt was suddenly desperately short of foreign exchange and found itself unable to meet all its commitments on servicing of its short-dated debt and simultaneously ran into serious arrears on banking facilities and suppliers' credits.

Urgent

In an urgent attempt to stabilise the situation, the government made an ill-fated attempt to reduce domestic subsidies on a number of staple commodities. This led to serious rioting, the withdrawal of the price rises, and unintentionally set in motion the international rescue operation that has in the past 18 months given Egypt a firmer platform from which to continue its reform programme. With the assistance of the International Monetary Fund and the World Bank, a Consultative Group for Egypt was set up and at its first meeting in May last year produced pledges of more than \$5bn in aid. A major component of this was the Gulf Organisation for the Development of Egypt (Saudi Arabia, Kuwait, United Arab Emirates and Qatar), which provided \$1.47bn in loans for direct balance of payments support. By the end of last year Egypt was clear of its short-term debt arrears and was up to date on its debt repayments. The achievement of financing the balance of payments deficit of about \$1.56bn, amortising medium and long-term debt by \$790m and finally reducing short-term debt by \$840m was something of which the government was justifiably proud. However it was no more than a breathing space, and this year's meeting of the Consultative Group in Paris showed clearly that Egypt's creditors, and especially the main Arab countries, are unlikely to be so generous in the future. The IMF, which has recently agreed to a \$720m three-year extended facility for Egypt, will be monitoring closely the progress of the reform programme, and the second and third year tranches are understood to be linked to the performance of the previous 12 months. GODE, which receives a report on Egypt's economy from the IMF every two months, has yet to announce its total commitment, but it is certain to be tied more closely to specific projects.

At the end of last year Egypt's total non-military medium and long-term debt stood at \$8.1bn, compared with \$5.86bn 12 months previously. The major part of this increase was due to the shift away from short-term external debt which, after repayments of \$850m, had dropped from \$2.3bn at the end of 1976 to \$1.1bn. Although the burden of short-term debt is still heavy and represents a serious drain on Egypt's external payments position, it is nonetheless much more manageable than 18 months ago, while the debt-service ratio for medium and long-term borrowings has declined from 25 per cent in 1976 to a little over 20 per cent.

There is, meanwhile, some encouragement to be found in the performance of the country's main sources of foreign exchange earnings, in particular workers' remittances from abroad. Taken together—direct transfers and as a form of financing imports—these remittances shot up in value last year by nearly 85 per cent and are estimated to have been worth some \$1.53bn. Although the export of so many skilled Egyptian workers undoubtedly weakens the domestic labour pool, their balance of payments assistance has become of vital importance and is now worth more than double the next largest foreign exchange earner, oil. The Suez Canal last year contributed close to \$550m, while tourism earnings are estimated at somewhere between \$375m and \$430m.

However, the resignation earlier this year of Dr. Abdel-Moneim Kaissouny, the deputy premier in charge of financial and economic affairs and the man who was largely responsible for sorting out the country's external financial position, illustrates just how difficult and frustrating it can be to push through the parallel domestic reforms that must be undertaken if another crisis is not to occur within the coming months. Dr. Kaissouny's departure does not yet seem to have been the blow to international confidence that some of his supporters predicted, but neither is there a great deal of evidence that anyone else has picked up the reformist mantle or is prepared to take the harsh decisions that may be needed. President Sadat's preoccupation with his Middle East peace initiative and his outburst against domestic criticism argue against decisions that might be seen to risk destabilising effects, or which might reduce obstructive inter-ministerial rivalries.

Praise

However, there has been some praise from the international credit institutions on the tentative moves the Government has made towards correcting the worst distortions in the economy and improving the allocation of resources. For example, progress has been made towards the eventual goal of establishing a single unified exchange rate by shifting a number of imported items from the artificially and unrealistically high official rate on to the parallel market. Exchange control restrictions have also been eased on the parallel market. Yet the Governmental fear that transferring remaining commodity imports on to the parallel market would act as a further strongly inflationary factor will be difficult to overcome, despite whatever encouragement may be forthcoming from the IMF. Official estimates put the current rate of inflation below 10 per cent, but other institutions suggest that it is certainly 25 per cent and may be much nearer 40 per cent, depending on an individual person's income bracket.

Similar Government fears have been voiced when the IMF has urged that more determined efforts should be made to reduce the budget deficit—which essentially means at first stabilising the *level of subsidies* and, second, actually trying to reduce them. Under the regime of President Nasser the range and cost of subsidies increased steadily and then accelerated dramatically during the present decade, reaching some \$1.5bn or 10 per cent of gross domestic product in 1976. Last year's overall budget deficit showed, at just below \$2.6bn, only a very slight increase over the 1976 figure. Nearly half of this figure was financed from the banking system. Estimates for 1978 suggest that the cost of subsidies is again rising sharply despite the fact that the Government had found a number of methods whereby the subsidy cuts abandoned in January, 1977 could be introduced by other means.

However, with wage increases, especially in the public sector, barely keeping pace with inflation the Government is only too well aware of the unpopularity it would court by attempting further measures to reign in consumption, the more so when the erratic distribution of essential foodstuffs provides its own built-in frustrations. The real driving force behind the rise in consumption is, of course, the growth in population that has finally come to be recognised as one of the most urgent problems to be tackled.

But at least the reasonably strong economic growth rates of the past few years (8.3 per cent in real gross domestic product during 1977) has produced an increase in aggregate employment of an estimated 8 per cent, a trend that is thought likely to continue, although qualified by the Government's intention of reducing under-employment in the public sector. Inflation has been having some limited effect in pushing workers out of heavily overstaffed areas, while the bureaucracy is no longer totally committed to its previous policy of guaranteeing jobs for any new graduates seeking work in the public agencies.

The 1978-82 draft plan looked for even higher annual rates in real GDP growth, suggesting 12 per cent as an attainable figure even though it was far in excess of anything ever achieved before. This target was supported by a projection of an annual increase in investment of 13 per cent in real terms which would seem on current evidence beyond Egypt's capability to absorb. The Government has indeed recognised that one of its main priorities this year is to complete projects already started rather than rush pell mell into a new series of schemes. On top of last year's estimated \$4.5bn spent on investment, another \$2.3bn is said to be backed up in the pipeline awaiting utilisation. Further development assistance from a number of western countries and the World Bank could well total \$2bn this year, a substantial rise over 1977.

Roger Matthews

The political experiment

AFTER PRESIDENT SADAT consolidated power in 1971 he came to recognise that the inherited political machine was no longer adequate as a gauge of political mood. Since then, when he has had time to turn attention to internal politics, all his efforts have been towards finding an accurate political barometer. Creation of political parties at the end of 1976 was an attempt to replace the Arab Socialist Union, the single party of the late President Nasser, by a system which would enable him to exercise power and receive genuine political feedback through Parliament.

But his experiment with democracy—as he has insisted on having it judged as such—has been an exercise in frustration. On the one hand, by changing the faces near the top he found himself surrounded by sycophants in government, political life and the State-controlled Press who were less than useful as a political barometer. On the other, he hated genuine criticism in Parliament and the Press which he came to see as a "campaign of doubt" of conspiring enemies.

The political barometer has given repeated readings not to the liking of the President. On such occasions he has sidestepped his newly developed or rehabilitated institutions — in effect breaking the glass on the instrument and choosing a new barometer. Each time Mr. Sadat has felt compelled to by-pass the courts and Parliament he has widened the gap between what he wants and what he creates. This is one explanation for the defensive tone of many of his speeches and his need for public self-justification which sometimes makes him look like a dictator searching for legitimacy.

In 1976 President Sadat permitted the freest, most genuine parliamentary elections ever held in Egypt. The result confirmed the political grouping of the Prime Minister as the majority body of the People's Assembly. Opposition groups, which at that time were "tribunes" of the Arab Socialist Union, the only legal party, gained enough seats for the President to turn these "tribunes" into political parties. The right-wing group under Mr. Mustafa Kemal Murad, with 12 seats, became the Free Socialists, the left wing with two seats under Khaled Mohieddin, former member of the Revolutionary Command Council, became the Progressive Socialist Union while the Prime Minister's controlling group held 280 seats and became the Arab Socalist Party of Egypt, soon known as the Centre Party. The position of 48 independents was interesting since these later formed the core of what became the New Wafd Party, which developed informally during 1977 and became a political party in February, 1978.

The importance of the creation of the New Wafd Party is three-fold. First it showed that the parties artificially created from above by President Sadat failed to reflect the aspirations of the Egyptian body politic. Second, the ability of the Pre-Revolutionary Party (which took its name from the Wafd or delegation which had demanded independence from Britain) to muster support showed the failure of modern politics to impinge on the traditional power structures in the countryside. Third, the formation of the New Wafd after President Sadat had publicly outlawed its reconstitution showed that he might have started a process which would be difficult to stop.

If President Sadat found it hard to accept that the Wafdists should be represented in the model of democracy, which he regarded paternallistically as a gift to the people, he found it impossible to acknowledge continued support in some quarters for Nasserism, and the Muslim Brotherhood. Ironically while he worried about what he saw as a threat from "Communist conspirators," whom he wrongly blamed for the January, 1977, riots, a more real threat to the framework he was constructing was coming from the right-wing Wafd (for whom the "open door" reforms were too slow) and from the extremist Moslem Brotherhood which in 1976 had begun publishing its own magazine Al Da'wa, obviously with the tacit approval of President Sadat.

Barometer

When the President started his experiment with democracy it was the means to an end —creating a political barometer —not an end in itself. The experiment was faced with a number of obstacles which were not apparent. One was the absence of capable people to place in political power and a government when men of high quality had been systematically removed from senior positions as Mr. Sadat dismantled the remnants of the Nasserite structure known as "the centres of power." On a more personal level the President obviously found it irritating to have around him advisers who brought ill tidings.

With no advisers who were not themselves isolated from the realities of daily Egyptian life, the role of Mr. Mamdouh Salem, a senior policeman who became Prime Minister, became paramount as the means of staying in touch. Criticism became more closely identified than ever with threats to the regime. After January, 1977 the President wanted to hear about a Communist threat, and that is exactly what he heard. One reason why the Marxists, who are not a force with popular support in Egypt, were regarded as dangerous was because the left wing and intellectual element of Cairo managed to use the Press to voice hard hitting criticism. Following the January 1977 riots the left wing magazine Al Talia, which had been publishing articles of similar standard to a serious radical journal in the West, was turned overnight by government order into a magazine of science and household management.

The turning point in President Sadat's frustration with the institutions was the January, 1977 riots, from the shock of which the President has still not fully recovered. Because he and those around him did not wish to see the riots for the spontaneous reaction they were, a communist plot was conjured up. By-passing the elected Parliament Mr. Sadat issued the most repressive decree of his career to date, demanding life imprisonment for a number of offences from public demonstrations to industrial strikes. Turning for the first time to a staged referendum a plebiscite was called in which 96.69 per cent of the 9m or so voters allegedly took part, of whom 99.42 per cent favoured the repressive measures.

At this point President Sadat found the judicial system not totally satisfactory to deal with people he regarded as enemies of the regime. Many of those arrested after the riots, some of whom were held for long periods without trial, were eventually released because the courts naturally enough did not apply the post-riot legislation retroactively.

Outflank

A year after he had used the referendum to by-pass the People's Assembly for the first time President Sadat again felt obliged to go round the institutional system to outflank his critics, who this time were not rioters but the ever-present Left-wing intellectuals and the newly reconstituted Wafd party, whose leader, a former semi-feudal lord, Fouad Seraggeddin Pasha, was making frequent and incisive attacks on the establishment.

In May this year Mr. Sadat again called a referendum, for no reason that was immediately clear. The results bore even less resemblance to the observable voting pattern than the 1977 plebiscite. The referendum covered six vaguely worded principles and was aimed at three clear targets—the New Wafd party ("political leaders active before 1952"); Nasserites (members of the "centres of power from 1952 to 1971"); Communists ("atheists and those suspected of being members of illegal organisations").

The crucial difference from the 1977 referendum was that this time it was not trying to establish anti-Government activities, post hoc, as criminal but was aimed at banning individuals from political life. The Government claimed a 98.29 per cent vote from 9.4m voters in favour of comprehensive banning measures, which were quickly confirmed by Parliament. The New Wafd party promptly dissolved itself in protest. This rather defeated the President's aim, which was to have been the taming of the New Wafd party and its channelling under new leaders into a direction favoured by the regime.

President Sadat has on occasions referred publicly to the cunning of his opponents in matters of law—that is, their ability to use the law for their own ends. The political banning order is a new development. To apply it Mr. Sadat called on a vague enforcement body, the office of the Socialist Prosecutor. It had been created in 1971 after the May "Corrective Movement" and was used in 1977 to enforce the first expulsion from the People's Assembly of former Vice-President Kemal Eddin Hussein.

The Socialist Prosecutor whose investigations are designed to be referred to the judiciary and the People's Assembly, started proceedings in June, 1978 into the affairs of five prominent literary figures, including Mr. Mohammed Hassanein Heykal the former editor of Al Ahram and confidant of President Nasser. By July the total number of Egyptians at home and abroad under investigation had fallen from a published figure of 150 to 39, including the five literary figures.

The significance of the investigations is not that those under the Socialist Prosecutor's scrutiny might be sent to prison, which seems unlikely. Rather the President seems afraid that an articulate *minority could* hamper his freedom of political action. His attempt to impose a political banning order on those whose point of view of democracy is different from his own seems likely to be as frustrating and self-defeating as the creation of artificial parties.

Michael Tingay

Risk

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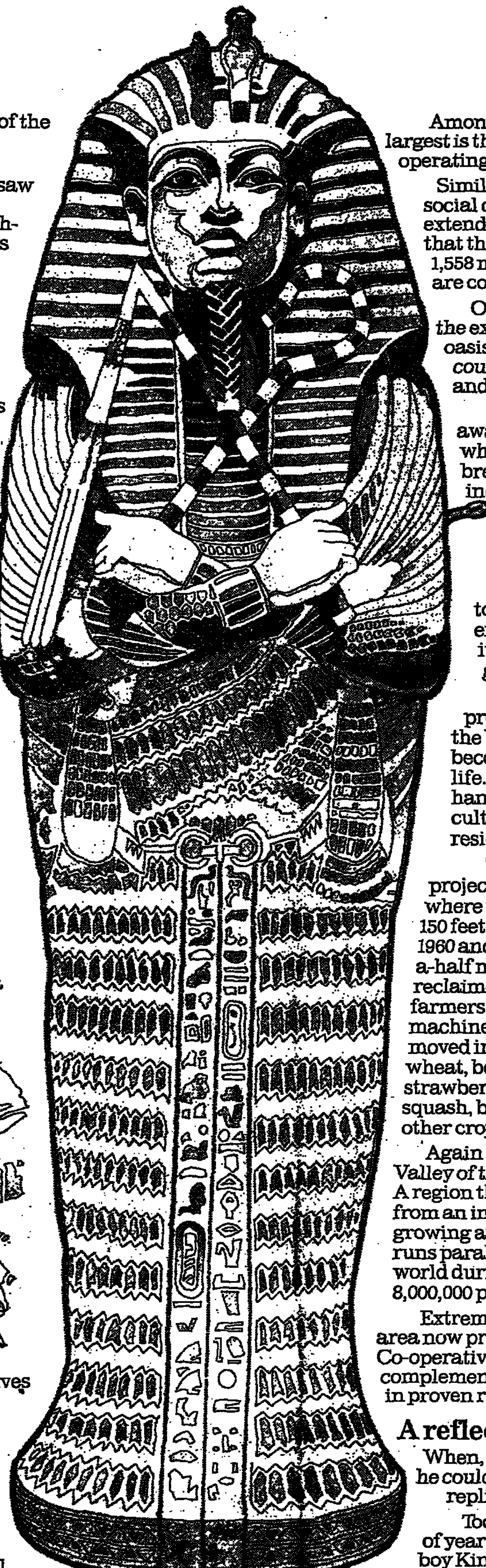
main population centres, and the ultra-religious Islamic factions that campaign for stricter adherence to Koranic law, and, in the shape of the Moslem Brotherhood, is reported to be steadily gaining adherents especially in the universities. Each in their own way can utilise the social tensions that the crude disparities of income in Egypt inflame, and which the "open door" policy has made significantly more obvious.

Mr. Sadat's other main preoccupation, of course, is the fate of his Middle East peace policy, which after the first hectic burst last November, December and January, has now lost much of its impetus. It is difficult to see the President abandoning the policy despite his deep frustration, first because he believes deeply in it, second, because he thinks that it can still succeed, third, because as time passes it is more difficult to find a credible alternative, and fourth, because his other major policies are tied to Western support.

Mr. Sadat's simplistic and highly personalised approach to Middle East peace may not, of course, be the best way of achieving it. But he cannot honestly understand why Israel should refuse to return Arab land when in return it is offered full peace and every security guarantee that it could require. Equally he believes that it should be obvious to the Israelis that lasting peace cannot be achieved without a solution to the Palestinian problem. The reason that Mr. Sadat initially pushed so hard for a declaration of principles was that, once agreed, all the details of withdrawal, transition period, guarantees, normalisation of relations would fall into place and become progressively easier as Arab and Jew came to talk and understand each other. The Americans are now trying the opposite approach, seeking to identify small areas of detail on which agreement can be reached and hoping that this will eventually lead to a more substantial edifice. Naturally this does not appeal to Mr. Sadat, especially when followed by Israel's refusal to contemplate even the symbolic gesture of returning Mount Sinai and El Arish to Egyptian administration.

With neither side willing to be seen as the more intransigent and both vying for continued American backing, the chances are that the present pattern of accusations, manoeuvring, meetings and apparent stalemate will continue for some while. The chances of it being broken, for better or worse, may well depend on internal events within Israel, Egypt or the Arab world.

Our ancient ambassadors would be proud of us.



Five years ago London saw what was to prove to be one of the most exciting and popular exhibitions ever staged in Europe.

Displayed in the British Museum, the treasures of Tutankhamun were to stimulate the imaginations of all who saw the exhibition. An interest in Egypt, dormant in the minds of countless men, women and children, was stirred by the breath-taking beauty of the boy King's golden mask, and the fabulous wealth of riches embodied in the artefacts recovered from his tomb.

In all, over one-and-a-half million people queued to see Tutankhamun in London. At any one time there might be a wait of as much as eight hours before visitors could gain admission to the Museum. Even on the very last day of the exhibition's phenomenal and unprecedented run, people were still hoping to gain admission, only to be turned away as the doors closed for the last time.

Now such scenes are anticipated in cities throughout the United States of America. In Washington DC, where the exhibition's tour began, it has been as popular as it was in London. And, in New York, where the Metropolitan Museum of Art published a specially commissioned illustrated volume priced at $35.00, Tutankhamun so caught the public's imagination that the first edition of the book was sold out in a matter of weeks.

Thus, the first of Egypt's 'ancient ambassadors' has done much to rekindle interest in a country whose history goes back to a time when, over 3,000 years before the birth of Christ, Egypt, under the rule of the mighty Pharaohs, gave the world a culture and civilisation which has seldom been matched for its achievements and its grandeur.

An ambassador for the future

Today, while the memory of Tutankhamun still lingers on in Europe, fostered by the boy King's enchanting good looks and the fascinating tragedy of his all-too-short life, a second 'ancient ambassador' is abroad, maintaining interest in a land which, while mindful of its past, now looks forward to its future

Rameses II, whose treasures have been on display in Paris, was one of the last great warrior Pharaohs of Egypt. A man of immense energy, he was the author of the plans to build the magnificent temples at Abu Simbel. Now moved to a new site, beyond the reach of the rising waters of the Nile as they gather and fill behind the Aswan High Dam, the temples stand as testimony to a culture and a way of life which, for centuries, has been an example to the world.

Growth for the next decade

In the last few years, Egypt has begun to re-build again.

The Government has been pursuing an 'open-door' policy designed to rehabilitate the country's economy and re-establish the country's wealth following the events of 1973. At the same time, positive initiatives have been, and are being, made by President Sadat and his Government towards the positive realisation of permanent peace, based on justice, in the Middle East.

This 'open-door' policy aims to encourage foreign investment in Egyptian-based projects with a view to augmenting the efforts being made on a domestic level.

Where once much of Egypt's industry was in public ownership, a system of management by objectives and results is slowly being introduced as more and more industrial control passes into the hands of individual companies. Free to make investments in renovation and modernisation, companies are also being given the power to determine their own levels of production, and their own prices. In the agricultural sector, producer prices are being brought more closely into line with international prices, at levels which provide incentives and rewards for farmers.

Similarly, various projects are under way to deepen and widen the Suez Canal with a view to increasing Egypt's involvement with world trade. At the same time, work is in progress to construct tunnels under the Canal to make a closer link between the Nile Valley and Sinai, in order to achieve the rehabilitation of the Egyptian Peninsular.

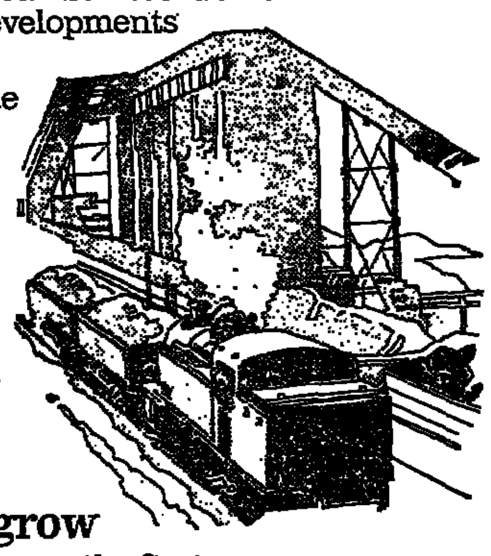
These moves are seen as essential to Egypt's long-term growth. They represent a firm step in the right direction, a move towards achieving a progressive growth pattern stemming from Egypt's own efforts as well as from the introduction of foreign investment encouraged by the 'open-door' policy.

New projects under way

Industry is the strong backbone supporting the national economy. It is the sector most capable of meeting the greatest aspirations for social and economic development.

Among the new industrial projects initiated recently, one of the largest is the aluminium complex at Nag Hammady. It began operating in April 1977, producing 100,000 tons per annum.

Similarly, as part of the integrated plan for economic and social development, a substantial investment is being made to extend the scope of Egypt's iron and steel industry. It is estimated that the total production of the iron and steel consortia will reach 1,558 million tons when current developments are completed.



Other projects in hand include the exploitation of the Baharia oasis and the expansion of the country's lime-stone quarries and dolomite industry.

Many other projects await implementation, all of which will contribute to the breadth and scope of Egyptian industry, to the benefit of the country's people and her national economy.

Making the desert grow

Egyptian farmers were among the first to practice organised agriculture. Through the ages this expertise and knowledge has been developed, nurtured as it is by the natural gifts of an equable climate and the life-giving waters and fertile soil of the Nile Valley.

Now Egypt is transforming barren desert into productive farmland. The rock-strewn, dry, sandy areas of the Western desert, once fertile and productive, are again becoming lush, green fields. The desert is being given new life. Numerous reclamation projects are in hand to prepare the neglected land for cultivation, production and permanent residence.

The most exciting of these projects is at Tahrir Province where water was discovered 150 feet beneath the Sahara. Between 1960 and 1969 alone, nearly one-and-a-half million acres of land were reclaimed. Families and experienced farmers, backed by modern machinery and scientific expertise, moved into the area, and now raise wheat, beans, sugar cane, lettuce, strawberries, citrus fruits, radishes, squash, beets, corn, barley, artichokes and other crops.

Again in the Western desert, 100 miles from Luxor and the Valley of the Kings, another reclamation project is taking place. A region that has seen rain only once in 100 years is being converted from an infertile crescent of unproductive wasteland into a food-growing area of several millions of acres. This 'New Valley,' which runs parallel to the Nile, was one of the most fertile areas of the world during the time of the Pharaohs. It was once inhabited by 8,000,000 people.

Extremely rich in natural fertilizers, the soil in this reclaimed area now produces crops of rice, corn, barley and alfalfa. Co-operative farming, cattle and fish breeding programmes complement plans to develop industries in an 8,000,000 acre area rich in proven reserves of gold, iron, phosphates and coal.

A reflection of history

When, in 1922, Lord Carnarvon asked Howard Carter what it was he could see as he peered into Tutankhamun's tomb, Carter replied: 'Wonderful things. I can see wonderful things.'

Today, fifty-five years after their discovery and thousands of years since they were made, the 'wonderful things' from the boy King's tomb are still a fascination to the world. Their brilliantly executed craftsmanship and design alone belie their age, giving evidence of Egypt's majestic achievements as a nation in the forefront of almost every aspect of cultural, political and economic thought.

And, as the patterns of world trade change, as the features of the earth's face alter with each passing generation, the treasures of Tutankhamun and Rameses II remain immutable as 'ancient ambassadors' for a country which, with its forward-looking outlook and strong sense of purpose, is committed to a programme of growth and development the Pharaohs would be proud of.

ARAB REPUBLIC OF EGYPT

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26 South Street, London, W1

The peace initiative

AMID THE brief eupheria in Cairo last November there were a few people involved in the execution of Egypt's foreign policy who had already, in their minds, made peace with Israel. President Sadat's trip to Jerusalem was for them the confirmation of a process that had started when the 1973 October War with Israel had ended. Egypt had restored not just its pride but that of the entire Arab world. The memory of the 1967 humiliation was finally buried.

The cost to the country and the immensity of the effort involved led these people to the conclusion that it should never again be repeated. If Egypt could not make peace then it was going to face economic disaster, serious internal political tensions with the threat that implied to the moderate and liberalising policies of President Sadat, and finally, it would have to seek a rapprochement with the Soviet Union as the only country in the world with the potential willingness to supply the ever-more sophisticated weaponry needed to fight another war with Israel. Israeli attitudes since Mr. Sadat launched his peace efforts in November have not altered these people's views of Egypt's future, nor probably have they altered those of Mr. Sadat.

Embarrassingly for these Egyptian doves, or realists as they would say, much the same reasons have been advanced by Israeli hawks to advocate a continuing hardline policy that they believe will force the Cairo Government to moderate its demands and eventually sign a separate peace treaty. Opponents of Mr. Sadat inside Egypt, who remain firmly wedded to the late President Gamal Abdul Nasser's pan-Arabism, are predictably amused at the failure so far of the talks with Israel to produce results. But while they recall their predictions of eight months ago that Mr. Sadat's visit to Jerusalem would produce nothing, they do admit to some surprise and even greater amusement that—in their words—"the Israelis should be so stupid as not to realise that with a few kind words and a couple of conciliatory gestures they could have taken Egypt out of the conflict for years." Their parallel bitterness at Mr. Sadat for the serious divisions they accuse him of having caused in the Arab world is only tempered by the confidence they now feel that the President is utterly committed to a barren policy that must eventually bring his downfall.

Indeed there can be little doubt that Mr. Sadat is going to stick with his policy, although changing its focus and drive in order to sustain the impression of both action and flexibility. Whether this represents international statesmanship of the highest order, the stuff of which Nobel Prize winners are made, simple political expediency or humiliating pig-headedness is very much the subject of debate in Cairo. Senior officials argue, first, that the so-called initiative has already produced positive results, second, that to abandon it at this point would be to throw away everything that has been gained, third that anyway they had expected it to be a long process, and finally that Mr. Sadat has not irrevocably given anything away to the Israelis.

Virtue

To some extent this might be seen as making a virtue out of necessity, but it does reflect how Mr. Sadat has recovered his balance after the bitter disappointment of being forced to the conclusion that it was going to prove impossible to do a deal with Mr. Menahem Begin, Israel's Prime Minister. He appears to have reached this point late in January after having recalled his negotiating team from the tripartite political committee in Jerusalem. Until then Mr. Sadat appeared to believe in his often-repeated statement that the Arab-Israel conflict was 70 per cent psychological. It was a feeling that sustained him through the ineffectual Cairo conference, the unproductive meeting with Mr. Begin at Ismailia on Christmas Day, through the sessions of the military committee and finally, with considerable apprehension, to the political committee in Jerusalem. Only then, with the Egyptian delegation, headed by newly-appointed Foreign Minister Mohammed Ibrahim Kamel, deeply offended at the "arrogant and rude" behaviour of Mr. Begin, did it finally dawn that the Israeli Premier was serious about retaining Jewish settlements in Sinai, was not going to relinquish the West Bank and would not contemplate broad declaration of principles that envisaged the establishment some time in the future of a Palestinian entity.

Having dismissed the return of all Sinai to Egypt (with the necessary security guarantees) as a foregone conclusion, Mr. Sadat suddenly found that even this fundamental assumption was being questioned. In turn this had serious implications for Mr. Sadat's declared objective of achieving the basic conditions for enabling the other Arab conflict states to open negotiations bilaterally with Israel. Despite having severed relations with Syria (along with Algeria, Libya, Iraq and South Yemen), Egyptian officials still retained hopes that their achivements would force President Hafez Assad to the negotiating table, just as he had been forced into the disengagement agreements after the 1973 war. The fact that Egypt now accepts that Mr. Assad will under no circumstances become involved with its peace initiative means that Mr. Sadat finds it increasingly difficult to argue that he is seeking a comprehensive Middle East peace settlement. Significantly there was no mention of the occupied Golan Heights or Syria in the Egyptian peace proposals unveiled a month ago.

So irritated is Mr. Sadat by these Arab "pygmies," as he describes the leaders of the five countries which actively opposed his initiative, that he no longer appears to care what their attitude is. His only real hope lies with King Hussein of Jordan, who has avoided condemning Mr. Sadat's visit to Jerusalem and is understood to see some merit in the Egyptian plan whereby responsibility for the West Bank would revert to Amman for a five-year transition period, with Cairo taking a similar role in the Gaza Strip. Although Mr. Sadat continues publicly to advocate a policy along the lines taken at the 1974 Arab summit meeting in Rabat—that is full Israeli withdrawal from all occupied Arab territories, including East Jerusalem, the recognition of the Palestine Liberation Organisation as the sole legitimate representative of the Palestinian people, and the right of the Palestinians to their own state—his speeches and private conversations have shown just how far he is now willing to fudge these issues.

Implicity Mr. Sadat does not accept that the present leadership of the PLO represents the Palestinians and neither is he adamant that they have to be given their own independent state. Rather he goes along with President Jimmy Carter's Aswan statement on January 4, which stated "that there must be a resolution of the Palestinian problem in all its aspects. The problem must recognise the legitimate rights of the Palestinian people and enable the Palestinians to participate in the determination of their own future." In practical terms this means that Mr. Sadat will continue to insist that a solution to the Palestinian problem is central to any Middle East settlement, but that it could involve a long period during which a Palestinian entity was firmly linked with international guarantees to Jordan. Yet even this move away from the fundamentalist position expounded by Mr. Sadat during his address to the Israeli Knesset in November has not been enough to suggest that the gulf that divides him from Mr. Begin can ever be bridged.

The objective of Egyptian policy has therefore switched. Ever the optimist, Mr. Sadat is now preparing the ground for negotiations with the Israeli Government which will replace that of Mr. Begin. Encouraged by Western support, essentially that of the United States administration, by his undoubted stature on the world stage, by the divisions within the Israeli Cabinet, by the weakening of the Jewish lobby in the U.S., and by some indications from Israel (such as the Peace Now movement) that people there are beginning to understand the degree of its Government's isolation, Mr. Sadat can choose to think that Mr. Begin's days may be politically numbered. Thus Mr. Sadat accepted the U.S. invitation to the London talks between Mr. Kamel and the Israeli Foreign Minister Moshe Dayan, even though he saw very little chance of progress being made. The only limiting elements in Mr. Sadat's studied display of "reasonableness" may be domestic attitudes and especially that of the military, plus the opinions of its key creditors in the Arab world, essentially Saudi Arabia.

Continued strong links with the United States are a critical part of this strategy, even though Mr. Sadat may be disappointed by the administration's unwillingness to exercise "real" pressure on Israel and the doubts that some Egyptian officials express privately about Mr. Carter's grasp of Middle East affairs. Congressional approval for the first-ever linked warplanes sale (60 F-15s to Saudi Arabia, 50 F-5s to Egypt, plus 75 F-16s and 15 F-15s to Israel) was given despite a massive Israeli campaign, backed by the powerful Jewish lobby in the U.S. to defeat it. It did not mean that much to Egypt militarily, but it was of some considerable importance politically, the more so because Egyptian officials were able to argue that at last the importance of Arab oil to the United States was beginning to have an effect on its Middle East policies. More optimistic officials also believe that increased concern by Western nations and the more conservative Arab oil-producing states over the Soviet Union's long-term intentions in the region will eventually lead to more sustained American pressure on Israel.

Gesture

The recent decision by 16 members of the Arab League to freeze all political and economic links with South Yemen was more than a gesture of disgust at the Aden Government's involvement in the murder of the North Yemeni President. It demonstrated the fear of some Arab governments at possible encirclement by Soviet client states. Mr. Sadat's well-known anti-Soviet sentiments have been increased by events in Ethiopia, Afghanistan and South Yemen, feelings that are echoed by Saudi Arabia and other Arab states in the Gulf. Such anxieties are thought likely to ensure Saudi Arabia's support for Mr. Sadat and will be more than enough to balance the doubts that existed in Riyadh over the attempts to reach an agreement with Israel. Upset though they are over the sharp divisions in the Arab world, the Saudis were reported by officials at the Arab League meeting in Cairo to have been among the fiercest advocates of stern action against South Yemen, a policy fully supported by the Egyptians.

It is therefore difficult to find any pressing external cause for Mr. Sadat abandoning his peace efforts, and there is no real evidence either that the Egyptian public or military are eager to resume a confrontation policy with Israel. Mr. Sadat has already skilfully shed a degree of responsibility for the peace initiative by declaring repeatedly that it is no longer his exclusive property, "but it belongs to the whole world and is in the hearts of all those who love peace." Thus, he is saying, even if Anwar Sadat personally wished to renounce any further contacts with Israel the responsibility to world peace would forbid it. It is a role of great attraction to a man, and perhaps a nation, brought up to believe in Egypt's historical greatness. Everyday politics demands, however, that there be some signs of movement, and so does the U.S. Hence the Leeds Castle conference, held despite the fact that Foreign Minister Kamel knew from the political committee in Jerusalem that the chances of making progress with Mr. Dayan were, at best, limited.

And hence also Mr. Sadat's hectic holiday in Austria, where he once again managed to convey the impression that peace-making with Mr. Shimon Peres, the Israeli opposition leader, or with Mr. Ezer Weizmann, the Defence Minister, would be altogether a more practicable possibility than with the intransigent Mr. Begin. The danger is, perhaps, for Mr. Sadat that he should start to believe that it is truly just Mr. Begin who is the stumbling block. The differences between the two sides, with or without Mr. Begin, remain substantial and the divisions in the Arab world make the chances of a comprehensive settlement increasingly remote. Yet it seems highly likely that he will keep trying for some months more, notwithstanding the dire warnings of breakdown and Middle East mayhem that he will issue in the interim.

R.M.

Foreign banks move in

FOREIGN BANKS were the first and quickest to respond actively to President Sadat's change of economic policy after the October, 1973 war, and since 1975 banking has been the fastest changing sector of the economy. Teething troubles still remain—some structural ones and others the product of infrastructural inadequacy—but in just three years foreign branches and joint venture banks have become an integral part of the foundations as well as a symbol of the new economy.

The newly established banks, with some exceptions, have been minimally involved in investment in the productive sectors of the economy. They were swiftly drawn to trade financing and the service sectors, which prosper despite the broader uncertainties of Egyptian development. This trend has been the subject of spasmodic criticism over the past year in the Egyptian Press and Parliament, but bankers defend themselves strenuously, pointing out that they, as much as anyone, would appreciate an increase in sound lending and investment opportunities.

Development of the foreign and banking community has created something of a paradox. New banks are criticised for failure to invest in the economy but are prevented from full active competition with Egypt's four nationally-owned banks. If the public sector banks lost their monopoly position as bankers for public sector companies, they would stop making the huge profits they now make. They are unable, as the Government had hoped, to compete loan for loan, service for service. If the Government moves to protect them from competition implicit in regulations it will create an impression of back-tracking on the open door policy.

Egypt now has 34 newly licensed banks established and operating under investment law number 43 of 1974. The total of establishment including representative office and other financial and investment institutions is more than twice that figure. The past year has seen a fresh spate of bank openings after a consolidation period following the initial flood in 1975-76. This year new names include the Arab Investment Bank, Feisal Islamic Bank, Delta International Bank and Arab Solidarity Bank. Because of the acute shortage of office space in Cairo these particular banks have set up shop in the building of the now defunct Arab Socialist Union. In the past the ASU building offices were reserved for non-commercial activities.

Overbanked

Uncertainty remains about the role of some of the latest arrivals and the share they will get of the market. Egypt is already widely acknowledged to be overbanked. The new names cover a wide variety of purpose. The Feisal Islamic Bank is linked with the campaign to encourage and develop banking aligned to Koranic principles, an idea being widely promoted in Saudi Arabia and the Gulf. Feisal Islamic will not charge interest but will cover its costs in fees and commissions. Delta International Bank has its eye on the remittances of Egyptian workers in the Gulf, many of whom are shareholders in the bank. Misr Romanian Bank, which began operations in January, 1978, is the progeny of a personal agreement between President Sadat and President Ceausescu who has been so helpful to the Egyptian leader as an alternative high level independent intermediary with Israel.

A boost to competition has been given by the latest increases in interest rates (they have been rising steadily under IMF pressure) from 8-9 per cent (plus ½ per cent commission). In June, 1978 the Central Bank set rates at 9-11 per cent (plus ½ commission). Bankers believe that the 2 per cent spread will generate competition and point out that for the first time borrowers will be able to shop around for finance.

One difficulty in establishing the hoped-for interbank foreign currency clearing system is the appalling communications system within Cairo. Overcoming this is problem enough, but there is also the question of linkage with the bank branches in Alexandria and Port Said, which are to all intents and purposes isolated from the capital as far as telephones are concerned. A small consolation is the low cost of internal Telex, which enables at least one bank to maintain an open line from Alexandria to Cairo (when the line works) for a cost which is a fraction of the commercial value of the link.

The communications situation is so desperate that banks cannot yet genuinely offer full international services. One problem is that, according to the finding of a foreign expert, most of the telecommunications system in Cairo is not earthed in the normal sense of the word, and the earth wires are frequently used to receive return signals. This floating earth system means that telexes, when they work, are periodically garbled, a nightmare where money transactions are concerned.

Last month a prominent advertisement appeared in the Egyptian papers, placed by five leading banks which had the misfortune to share a single building which fell victim to a worker's axe through the cable on a nearby building site. The banks simply apologised for their inability to offer banking services while lines were down. This unprecedented action was taken partly to inform clients of the crisis and partly to shake the Government into action. The irony was that the banks had anticipated the imminent destruction of the junction box by digging and flooding and had in vain invested a considerable sum to have it moved before the nearby building work began.

Only two of Cairo's well established joint venture banks have pushed hard into investment in productive manufacturing sectors of Egypt's economy. Misr Iran Development Bank and Cairo Barclays International have rapidly expanded their loan portfolios. Cairo Barclays International, whose

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The 'open door' policy

IN THE four years since President Sadat introduced the "October Working Paper," which was named after the October War of 1973, his policy *of a political and economic* opening with the West has survived the onslaught of political criticism from without and within, resistance from the *entrenched public sector* bureaucracy, serious reversals because of price riots in January, 1977 and, for Sadat, the exasperating success of *native chaos and national* inertia in foiling all attempts to speed up the process of change.

The "open door" policy has *in an astonishingly short period* wrought a complete change in U.S. foreign policy. Washington is now totally committed to the survival of Sadat's Egypt and *success of his policies. Egypt* has become the largest recipient of non-military aid from the U.S., getting more each year than total disbursements for Latin America. *During the* process, which coincided with Egypt's worst externally generated economic crisis, most of the Western world has become com*mitted to his general line* and Arab donor states have developed and maintained economic support despite distaste for his political gamble in visiting Israel.

Large-scale productive investment has so far failed to appear, but the aid pipeline has just come on stream and marginal improvements in infrastructure are just beginning to make themselves felt. Administrative changes are still needed, but the Government has been willing to adapt Egypt's investment law, responding to shortcomings pointed out by foreign investors. This year's finalising of implementation regulations for the amended law has prompted some businessmen to say that a true investment climate is starting to impose itself for the first time.

Changes resulting directly and indirectly from the open door policy have transformed the face of the economy since 1974, *although they have not* yet touched the fundamental structural malaise of population growth accelerating against lower per capita production. The changes are structural, administrative and financial.

Twenty six foreign oil companies have signed agreements to explore for petroleum both on and offshore. Thirty four foreign banks have established operations of one kind or another under Investment Law 43, and a host of other banks and other companies have opened *representative offices in Cairo.* The Suez Canal has been cleared and opened, and 75 ships a day are using the reopened waterway. Tourism has blossomed *despite the total* inadequacy of the infrastructure to handle visitors comfortably. A large *number of Egyptians* have left to work abroad, something *which previously was not* freely encouraged.

Principles

The Government has passed Investment Law 43, covering the broad principles for foreign companies to operate in Egypt. It has passed a banking law, which was quickly taken advantage of. In June, 1977 it passed Law 32 which amends Law 43 and improves it. This law was the direct result of a report from the joint U.S.-Egyptian business council, which analysed the investment climate and identified a series of problems. The most *serious,* an anomaly which obliged companies to import investment funds at one exchange rate and export at another disadvantageous *rate, was changed* in the new Law.

Together with development of the banking sector, a series of monetary reforms have swept *through Egypt. First,* a parallel rate of exchange for the overvalued Egyptian pound was introduced to encourage tourism. The scope of this parallel market was extended each year, while the actual exchange rate was adjusted upwards towards the black market rate so a larger and larger portion of foreign transactions were carried out at a commercially realistic rate. As more Egyptians each year went *to work abroad and restrictions* on Egyptians holding hard currency were eased and then lifted, so the so-called "own exchange" market developed. Under this system Egyptians could import goods with currency held abroad.

While structural and administrative changes were slow to have any effect on the daily lives of the Egyptian people—the period was characterised by a trail of unfulfilled targets, missed goals, broken promises and unfulfilled plans—even President Sadat at his most optimistic did not anticipate the swiftness with which the U.S. economic assistance would materialise.

Since 1976 the main difficulty with U.S. aid has been handling disbursement. The inadequate physical and administrative structure was to blame. At the end of 1976 Egypt had spent only \$307m of available American assistance leaving \$674m unspent. In 1977 \$310m worth of assistance was absorbed, leaving \$608m in unspent obligations from Wash*ington. Despite this absorption* failure the aid pipeline was coming on stream. There were improvements in power generation, transport and storage facilities. Purchase of 1,600 buses for Cairo, Alexandria and intercity routes was the most noticeable benefit. Apart from road transport a long list of infrastructure projects from railway stock renewal to vocational training projects have been started.

The great difficulty in analysing the effects and development of the open-door policy stems partly from its *implementation during the* worst economic crisis Egypt has known. Not unnaturally critics of the policy associated the two events.

Liberalisation was introduced when Egyptian wheat import requirements were rising rapidly. World wheat prices soared, as did the cost of other essential commodities. This caused a huge trade deficit and threw the budget deficit totally out of balance. Economic policy decisions by the Government were dominated by the struggle with the foreign debt. Non-military medium- and long-term debt rose from \$2.5bn at *the end of 1973 to \$5.9bn at* the end of 1976.

The most dangerous point came when Arab and Middle East aid donors began to hold back. The problem of channelling funds into Egyptian development seemed insurmountable. The Gulf Organisation for Egyptian Development, set up in 1976, saw most of its money diverted into balance-of-payments support. Then Saudi Arabia and the U.S. forced Egypt to bow to the demands of the IMF, which itself was at first unable to adapt its ideological brand of capitalism to the peculiarities of the economy. The result was the January, 1977 riots caused by the Government's attempt to *impose an ill-thought-out pack*age of subsidy cuts.

Last year aid donors forced a measure of external management on President Sadat with the creation of the Consultative Group for Egypt, in which the World Bank began to chair a group of international creditors and interested parties. Only then were Arab aid donors satisfied that their money was not being frittered away. Continued support, despite opposition to *President Sadat's* negotiations with Israel, is a measure of both confidence and political necessity.

The most significant single *development in the foreign* investor debate about Egypt was when the joint U.S.-Egyptian business council put forward recommendations for *changes in the investment law.* In 1976 a study, edited by a senior employee of Chase Manhattan Bank, whose President David Rockefeller is *personally trusted by Mr. Sadat,* analysed the main investor complaints and made specific recommendations. The result was law 32 of 1977 amending *Investment Law 43.*

The three important changes are: removing the single largest obstacle to the importing of investment capital by permitting foreign companies to transfer funds at the parallel rate of exchange instead of the official rate; strengthening and clarify*ing provisions for tax holidays;* making some provision for Egyptian private investors to benefit from Law 43.

Confirmed

Many foreign businessmen now seem confident that the investment climate has improved. Some still point out what they see as ominous signs.

Three important changes have taken place. Cairo airport is an unrecognisable model of efficiency compared with three years ago. The administrative mafia of Alexandria port still prevails, however. Marginal improvements have occurred in roads and the telex system, but railways and telephones remain appalling. A World Bank study showed that 50 per cent of freight trains *scheduled* in Egypt never get on the track because of defective rolling stock. A private study of the phones showed a 26 per cent dialling success rate *in Cairo, which seems high.*

Public sector reorganisation has produced success stories—like Egyptair and the Delta Company, which makes white metal products and machinery, both of which have generated more foreign currency than they can reabsorb immediately—but has shown no signs of *reviving ailing industrial* monsters of industry like Helwan Iron and Steel Plant and Nag Hammadi aluminium works, which seem hopelessly *uneconomic.*

Effects of political debate have also been felt in the field of tax reform, which is widely thought to be the most important outstanding item of economic reform. Three years of discussion produced a consensus on tax reform based on four points. First, moving from indirect to direct taxes by redesigning the system. Second, reviewing import duties on products for the rich classes to show sensitivity to visible differences in consumption. Third, introducing capital gains tax to draw revenue from vastly increased asset values. Fourth, reforming the agricultural tax system, which is based on rentable land values, and bringing untaxed cash crop farmers into the tax net.

*Somewhere in the formula*tion of the tax reform law which recently passed through the People's Assembly, internal politics were not given sufficient consideration. After all the preparation, opposition from powerful circles to certain provisions was too strong and the President rejected the law.

M.T.

Foreign banks

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joint general manager Mr. Gavin Green is one of the few foreign managers with a serious understanding of development role of banks in Third World countries, has concentrated on developing a pipeline of small and medium-sized projects. It has been boosted enormously by its removal from the Arab Boycott list two years ago. The bank made \$1m profit last year and expects to double its profit in 1978. Cairo Barclays International is involved in 12 operating projects including paper manufacture, shoes, furniture, textiles, aluminium extrusion and services.

The newly established Bank of Alexandria and Kuwait International (Bank of Alexandria/Misr Insurance 51 per cent, Kuwaiti and Egyptian private capital 39 per cent, Sharjah Group 10 per cent) is also intending to follow the line of drawing foreign remittances into productive investment within Egypt.

Most bankers in the foreign community admit frankly that foreign branches and joint ventures are failing to invest in industrial and manufacturing projects. Private sector trade, much of it purely for consumption imports, owes its boost of the last two years largely to the "own exchange" system (whereby Egyptians can import using currency classified as held abroad). Bankers examining other lending opportunities inevitably find that the swifter safe return on investment is in the service sector, which has received the largest part of capital and intermediate investment since the open door policy.

The shortage of good lending opportunities is reflected in the discrepancy between the huge growth in total assets and the low proportion of loans in relation to assets. Instead of being used for productive loans, deposits are placed on the Eurodollar market. Awareness of continuing outflows of hard currency to Europe triggered a series of reactions last year from Egyptian bankers, editors and politicians. Foreign banks came under fire repeatedly from critics who said they were *only taking from the economy* and were draining resources.

But it was the Central Bank which, until last year after pressure from the IMF, had been failing to use the foreign currency to which it could have had access. Last year's issue of \$200m of development bonds, most of which was taken up by banks, was the first attempt to remedy the situation. However, foreign bankers had another legitimate explanation for their failure to make local placements. The problem was Egypt's low interest and high reserve requirements.

*All banks in Egypt (not off*shore banks) have in the past been obliged to place 20 per cent of reserves as non-interest bearing deposits with the central bank. Domestic interest rates have been so low that they are quite out of tune with international trends. The Central bank complained that *foreign joint venture banks* did not make interbank placings locally, but it insisted that they conform to the 20 per cent reserve requirements. A banker *pointed out that for every* \$100,000 placed \$20,000 would bear no interest, thus requiring commensurately higher interest on the \$80,000 left. Finally *responding to foreign bankers* on April 1 this year, the central bank waived reserve requirements on inter bank placing, thus enabling foreign joint venture banks to place money locally.

Different

Egypt is a home for two different banking species. It has been said often that Egypt's big four nationally owned banks, Bank Misr, Banque du Caire, National Bank, and Bank of Alexandria are "enormous, inefficient . . . and vastly profitable." Egypt's locally established foreign banks (i.e., not the Egyptian branches of foreign banks) are small by comparison, efficient by comparison and naturally enough *absorbing the cream of accounts.* The bastion which preserves the profitability of the big four is their monopoly position with public sector activity (which still acounts for over four-fifths of the economy).

One privilege of the big four local banks is that during spring the central bank's 20 per cent reserve requirements are waived as the nationally owned banks finance the new cotton crop. Reserve requirements are *dropped temporarily to 10 per* cent. This is just one example of how the public banks maintain their *position.* Last year's reorganisation of public sector companies (making them semi-autonomous by the creation of western-style boards of directors) was meant to pave the way to independent financing carried out through the new banks.

When one joint venture bank approached cotton co-operatives with the offer of finance, it was refused on the grounds that money had to come through the traditional sources. Investigation with the Central Bank clarified the matter and permission was given. Technically a conversion period ended on July 1, 1978, when the public sector companies could theoretically turn to the new banks for finance. However, many *foreign* bankers suspect that pressure will still be applied to the companies to stick with the nationally owned banks.

In the background is a strong defence being put up by the big four, who fear they cannot face open competition with the new banks. On this subject one *banker said "for us it's Catch* 22. We are criticised for not investing in the economy. But we are not allowed to compete with the big four."

A crunch is obviously looming where the Government has to decide whether or not to remove this contradiction. The problem is that development of local banks (their modernisation and improvement) has not taken place at the speed which was hoped.

In 1976 banks were released from Egypt's salary restrictions. It was intended that a cross fertilisation of methods and personnel between the old banks and the new would result from the new climate. This has not happened. The big four are less efficient than ever

All the outflow from the over manned local banks is of the best personnel choosing better conditions, salaries and working climate in new banks. One newly established bank reportedly took 14 top employees from the National Bank of Egypt. It will take many years for efficiency to work its way into the old system. *Meanwhile nationally-*owned banks yield considerable influence and may fight a considerable holding action to preserve their position.

M.T.

A weak industrial base

THE MOST frustrating answer to a request for directions is to be told "You should not have started from here." This, in effect, is what is happening in Egypt in the current period of transition, as Western institutions assess the development of industry and recommend changes. Foreign advice carries weight not only because it is the West's response to President Sadat's "open door" policy but because Egypt's inability to pay its way internationally means external direction is now paramount in moulding the economy.

Conclusions drawn by the World Bank, the IMF and the U.S. Government suggest that the past four decades of industrialisation have not contributed to economic growth in optimum fashion. Instead of stimulating other sectors the contribution of industry has been limited to direct increases in national income and indirect increases in employment through the service sector. In addition, industry fails to perform efficiently because of infrastructural weakness, organisational unsoundness and financial, economic and administrative policies.

Changes in policy and style are being implemented. These may improve performance of individual industries but they will not alter historic trends in industry. A wide spectrum of economic systems since 1930 have not altered the fundamental industrial structure. Egyptian industry has traditionally drawn its resources from agriculture. The change in structure will take place as a result of the rapid growth of petroleum resources over the coming decade.

Egyptian industry employs 1.2m workers, about 13 per cent of the labour force. Their output accounts for about half of Egypt's exports. (A rise from one-third is explained by application of the parallel exchange rate.) A substantial part of these exports is derived from domestic agricultural raw materials, chiefly cotton textiles. This proportion has been declining since a decision was made to import short staple cotton for the textile mills and use smaller volumes of high quality long staple cotton for domestic industry. The heart of Egyptian heavy industry is a series of State-owned factories built in the last decade including Helwan Iron and Steel Works, Nasr cars, and a number of chemical and metallurgical plants. A large proportion of industrial production is consumed domestically because development laid such stress on import substitution. The most important locally produced consumer goods are textiles, shoes, processed food, beverages and cigarettes. The chief intermediate goods are building materials, fertilisers, chemicals and paper.

Ninety per cent of industrial investment goes to the public sector, of which the key recipients in the 1974-76 plan period were engineering, textiles, chemicals and food. At the start of the "open door" period in 1974 private sector industry employed 625,000 people. This figure has certainly risen in the past four years, though not by as much as is suggested by the large increase of private investment, most of which went to renewal of equipment and machinery.

Factory

By 1975 private investment reached E£108m, ten per cent of the total and seven times the previous year's figure.

Small-scale industry in the private sector (generally classified as establishments employing 10-50 workers) accounts for one-third of the value added and more than half the employment. The sort of factory in this sector would typically be a hot, dusty sweatshop making leather goods, furniture, or engaged in engineering. The artisan class of industry has less than 10 employees and usually has no access to credit from any source, not even from the co-operative societies of which about half the artisans would be members. Both classes of industry are under-mechanised, of low capital intensity and collectively are big employers.

When the "open door" policy got underway foreign advice did little to touch the inertia inherent in the centralised system. President Sadat had in his mind the idea that foreign investment would arrive, creating new factories which would stimulate improvement in the nationalised industries. The complexities of a changeover from central state management were not at the time fully appreciated since the experiment was and is unique.

The greatest single impetus that has been given to policy changes in industrial development and management has come from Egypt's accelerating dependence on foreign aid. By 1975 external financial assistance became conditional on Egypt's following IMF policy advice. The nature and scale of Egypt's problems were such that conventional IMF advice was impossible to implement (for political and social reasons). By 1977 credit control and economic management were drawn into a single focus with the creation of Consultative Group for Egypt.

Foreign experts experienced great difficulty in measuring industrial efficiency for a host of reasons—bad accounting, irregular financing, employment policy and the system of pricing. Prices are fixed on industrial products on a basis which disregards costs. The public sector has been ingenious in finding ways to avoid passing on price increases, such as passing increased costs into state-owned bank-financed losses. But the IMF now believes that the new three years extended fund facility worth $720m will do the trick. Credit Tranches are directly linked to price increases of industrial products. When the process is completed Egyptian industry should be at a zero point from which to start rebuilding.

Meanwhile foreign analysis has come partly to believe that Egypt's industrial base was not suited to the economy. This argument claims that textiles, for example, is not an ideal industry because the Egyptian market is more suited to low-grade products requiring short staple cotton, not the home-grown long and extra-long staples. Of the iron and steel mill, military aircraft factory and car assembly lines built in the last 20 years it is said that they were built prematurely before the institutional, administrative and physical infrastructure was sufficiently developed.

The traditional advantage for Egyptian industry has been cited as an abundant supply of cheap labour. Western thinking maintains that this comparative advantage has been jeopardised since the nationalisations of 1961 by overemployment in the factories (the result of Government guarantees of full employment) and neglect in developing efficient management and skilled labour supply.

Expansion of industry in Egypt was the result of protectionist policies. In a free market system large segments of industry cannot and could not compete abroad, and many would fare badly at home if protection were removed. Much industry has strong linkage with agriculture (textiles, food processing, cigarettes) but has not stimulated new demands from the farming sector. Instead it has diverted agricultural output from direct exports or direct consumption to indirect exports of indirect consumption. The textile industry takes a proportion of the cotton crop which would otherwise have been exported and produces goods mainly for export.

The same with food. Industry supplies agriculture with fertiliser and little else, and this is not really inter-sectoral stimulation but import substitution. This is why Government stresses development of agro-industrial projects which will stimulate rather than simply feed off agriculture.

Employment effects of industry are: development of labour skills and the indirect creation of employment in the service sector. One of the ironies of "open door," however, is the shortage of skilled labour because of the high demand for trained workers elsewhere in the Arab world. The comparative labour advantage then, is exported and lost. Increases in services and Government employment administering public sector industry are themselves of questionable value since they draw the educated part of the population into non-productive activity.

Egyptian industries suffer from chronic problems. The 1.5m tons capacity iron and steel mill at Helwan has never produced more than 600,000 tons a year. U.S. steel is now assisting in attempts to increase production but appear to be finding problems of bad planning as insurmountable as Soviet advisers (who are still there) did before them. A third blast furnace using natural gas was long ago meant to have come on stream but the conversion process is too complicated.

A reminder of Egypt's infrastructural problems came with the recent total breakdown of the railway from Bahareya Oasis where the iron ore is mined.

Infrastructural weakness has struck, too, at the Nag Hammadi aluminium plant in upper Egypt where the political dispute with the Soviet Union had already scotched the third stage expansion from 100,000-ton capacity to 166,000 tons a year. Travellers from the area report that two-thirds of the Russian trucks which transport the Australian alumina from the Red Sea are off the road with maintenance and spare part problems.

Nasr Automotive which assembles Fiat cars, Magirus Deutz trucks and trailers, and tractors and buses demonstrates perfectly the problem of Egyptian overmanning. Ten thousand workers assemble 10,000 vehicles a year with a local content which exists on paper rather than in fact, and produce them more expensively than the cost of importing the same cars, despite a number of invisible subsidies. When Ford's top management came to Egypt two years ago discussing the planned engine and vehicle production plant at Alexandria (now dependent on removal from Arab boycott of Israel), they pointed out to the head of Nasr Automotive that the company could produce in a country like Spain ten times as many vehicles with ten times fewer workers.

Wastage

Egypt's textile mills, some of which are receiving much needed new production lines through World Bank funds, experience heavy wastage of raw materials in an industry which normally wastes 10-20 per cent of the raw cotton. Old machines, lack of maintenance, inadequate supervision, ineffective management, negligence and lack of financial incentive are responsible for wastage levels of up to 28 per cent of the cotton. Britain has a special interest in the textile industry for historical and commercial reasons. The head of Egypt's general organisation for industrialisation (GOFI) and the chairmen of 14 textile factories toured Britain this summer as guests of the Department of Trade and the Textile Machinery Manufacturers Association.

In theory GOFI (employing 1,300 bureaucrats) is the last of Egypt's general organisations. Theoretically these Government bodies have been replaced by a streamlined administrative system under the Ministry of Industry (now part of the Ministry of Petroleum). In fact, many of the employees have been transferred to the economic councils and technical secretariats which replaced the general organisations. These bodies retain control over production targets in industry, while pricing policy has become a subject of a long battle between the Ministry of Supply (which used to control prices) and the Ministry of Economy (which wants the new boards of public companies to have real management independence). The organisational chaos despite changes is illustrated by the ministerial structure controlling industry.

The Ministry of Industry used to control the 200 public companies which form the core of industry. However, Dr. Abdel Moneim Kaissouny, retired deputy premier for economy, was totally at odds with the Minister of Industry who was answerable not to Dr. Kaissouny but to Mr. Ahmed Sultan, Minister of Power, who held the title of Deputy Prime Minister for production. Dr. Kaissouny won the battle for control and the Ministry of Industry was moved under the wing of the Ministry of Petroleum. Pricing controls were also partially wrested from the Ministry of Supply, coming within the IMF-orientated sphere of the Economy and Finance Ministries. But 10-20 per cent of national industrial production is outside civilian control in military factories of Ministry of War and War Production. Nor does the Petroleum and Industry Ministry control cotton ginning, flour, milling, bakeries, tea packing, pharmaceuticals, iron mining or village industries, all of which are controlled elsewhere. Two years ago wines and spirits moved to the Ministry of Agriculture, cement to the Ministry of Reconstruction and paper to the Ministry of Information.

The problem with Egypt's guaranteed employment system is that the Government cannot sack people, bureaucrats or workers, whether or not they fulfil any function. Egypt does not even possess an unemployment relief system. So the excess of hundreds of thousands of employees is shuffled between one unproductive administration body and another.

Until today agriculture has been the source of most raw materials for manufacturing. Farming is progressively less able to feed Egypt's increased population either directly or indirectly. Agriculturally based industries are also often unable to supply the domestic market. Most food processing industries experience underuse of capacity because production varies with the season. Others like sugar, fruit and vegetable canning and the dairy industry suffer permanent underutilisation. The next decade should see petroleum complement agriculture as the source of raw materials.

M.T.

Ominous signs on the farm

ITS TRADITIONAL agricultural land strained to breaking point, its population growing by 1m a year, Egypt has intensified its drive to cultivate the desert.

President Sadat calls it "The Green Revolution" and it is by now as critical a campaign as his open door economic policy and the peace initiative. But a lot more hangs in the balance than the future of the Sadat administration.

Time is running out on Egyptian agriculture. There are now more than 38m Egyptians, whose lifeline is the Delta, a fertile stretch of land which opens like a Lotus flower just north of Cairo where the Nile splits into two branches. South of Cairo there is a fragile sliver of green on either side of the river running to Aswan.

Overall, less than 3 per cent of the country, 6m acres, can be successfully cultivated, and, in the past 10 years thousands of agricultural acres have been lost to urban and industrial development.

Since 1952 Egypt's cultivated areas has increased by only 500,000 acres, while its population in the 26-year period had risen by 18m.

More ominous is the fact that the fertility of Egyptian soil has deteriorated alarmingly. A survey completed five years ago revealed that only 6 per cent of the soil in cultivated lands could be classified as excellent, while 45 per cent was considered good and the remaining 49 per cent medium or poor.

One Egyptian agriculturalist termed the study's findings "shocking." An increase in soil salinity, caused by excessive irrigation and inadequate drainage, is believed by most experts to be behind the deterioration in fertility.

Egypt is becoming less and less able to feed itself and relies heavily on imports of wheat, canned food, meat and poultry products, to the extent that its agricultural exports are now earning less than what it must spend on imported foodstuffs.

The 2m tons of wheat produced each year is less than half of what the country needs. Egypt last year bought 4.3m tons of wheat abroad and by 1979 is expected to be purchasing 5m tons a year, which will make it the largest wheat importing country in the world.

Confronted with all this, the Government has committed itself to what is known as "horizontal development," the reclamation and development of barren arid lands to supplement the country's traditional agricultural acreage. Land reclamation is not a new policy in Egypt, since it was first launched by the public sector in 1952 just after the Revolution, but with the population explosion it has assumed a central role in the Government's development plans.

More than 1m acres have been reclaimed thus far and another 324,000 are planned for this year. By the year 2000, when Egypt's population has been predicted to reach 60-70m, the Government hopes that a total of 2.8m acres will have been brought into productive use. Land reclamation projects are scattered throughout the country, the largest being planned in the Delta to the south east and south west of Alexandria in the western desert, and south of Port Said on the western side of the Suez Canal.

Western agricultural advisers generally agree that Egypt is making a mistake in investing so heavily in horizontal development of new land. Land reclamation, they say, is a costly operation that has yet to yield significant returns. It has been estimated that reclaiming an acre can cost as much as $2,800, including roads, canals, schools, housing and hospitals.

At the same time, according to a study by the U.S. Department of Agriculture, productivity in much of the new land now under cultivation is limited by poor soil conditions and inadequate drainage facilities.

But for Egyptian planners land reclamation is needed not only to expand agricultural output but to accommodate the alarming population increase. Cairo, a city designed for 3m people, is already breaking down beneath the crush of 10m inhabitants, and Egyptian officials argue that there is nowhere to go but into the desert.

The desert, however, has not yet begun to bloom, and the traditional lands are still being asked to keep more and more Egyptians alive.

Direct Government involvement in agriculture is sizeable. Quotas determined by the Ministry of Agriculture covering cotton, wheat, rice, lentils and sugar cane are communicated to farmers and enforced by co-operative societies in the rural areas. These crops are then bought by the Government at controlled prices below what the farmer could receive on the open market. Only those farmers who grow vegetables near urban areas are exempted from cotton requirements.

Lately, Egyptian agriculture, like other sectors of the economy under President Sadat, has been opened to foreign investment, and there are a number of joint ventures underway: Coca Cola, for example, is co-operating with an Egyptian company to grow oranges for export near Ismailia; a Japanese company is engaged in fish farming in the Great Bitter Lakes near Port Said; and West Germany is providing financial aid for a poultry producing unit.

While there is plenty of Government involvement in agriculture, there is comparatively little direct financial investment. Agriculture accounts for nearly 31 per cent of the country's gross national product, 60 per cent of its exports, and half its labour force, but is allotted only 8 per cent of capital investment. And in the new five-year plan, running from 1978 to 1982, agriculture does not fare much better, receiving only 9 to 11 per cent of Government investment.

Ministry of Agriculture officials, who would like to see a 24 per cent annual capital investment, note that since the 1960s the Government has emphasised industrial development and has expected the farmer to pay for it.

The current price policy for cotton, Egypt's main export crop, according to Dr. Hassan Ali Khedr, an economist in the Ministry of Agriculture, means "that the farmer is in fact subsidising all the other sectors of the economy and the growth of those sectors is attributable to him."

The Government buys cotton from the farmer at levels well below world selling prices. But profit in hard currency earned by cotton sales abroad is then committed to the industrial sector and does not return to the farmer. Such a policy, both Egyptian and foreign agricultural experts have pointed out, eliminates the farmer's incentive and enthusiasm for the cotton crop. Cotton is considered a burden imposed by the Government.

The impact is more than psychological. Farmers are instructed to plant cotton from mid-February to mid-March but frequently try to postpone

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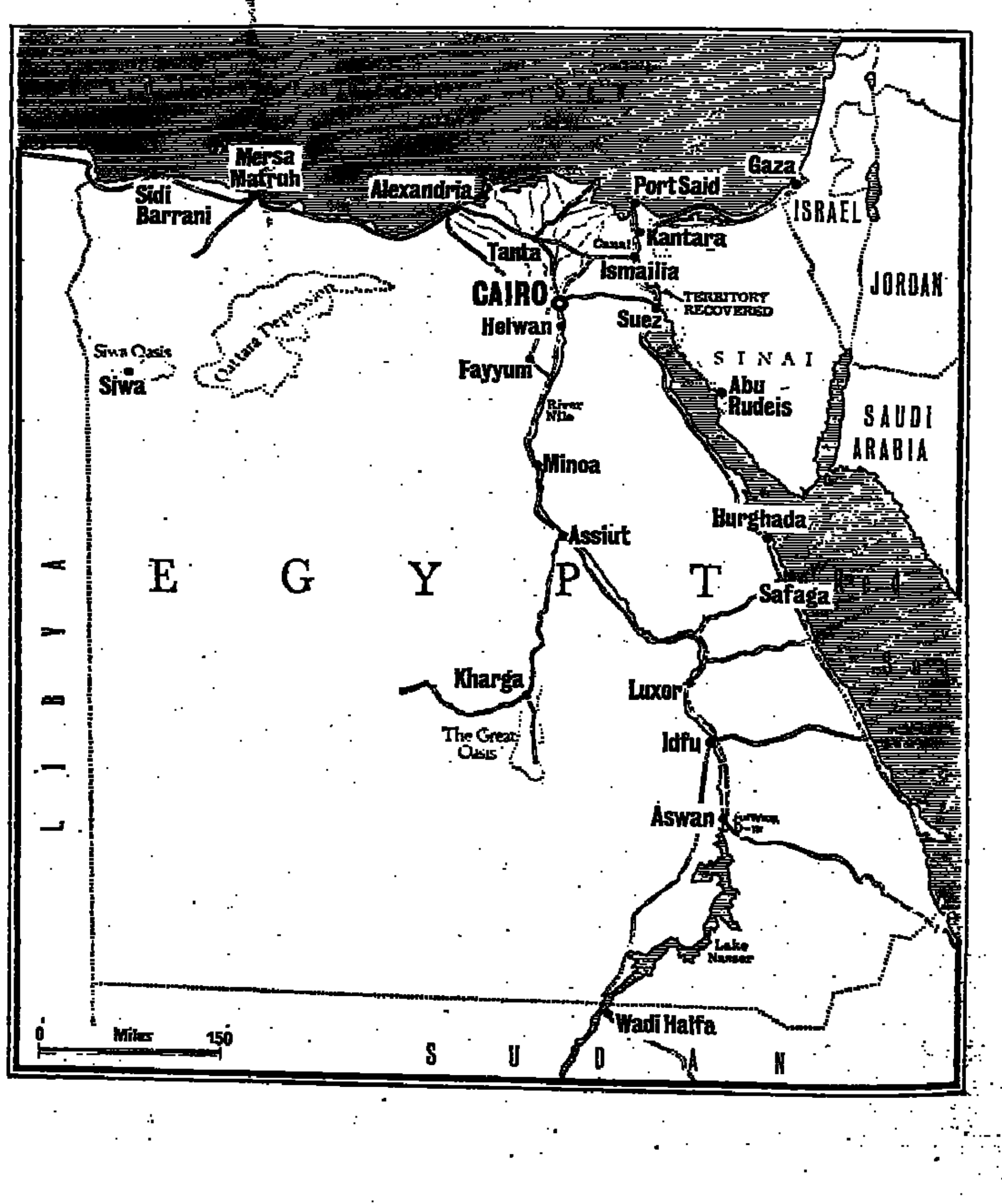

Steady income from oil

AFTER A decade of violent ups and downs the petroleum industry in Egypt has established itself in the small class of economic activities which are well run, smoothly financed and highly profitable. Even before the open door policy the sector was given special privileges which permitted it to control foreign exchange flows. Flexible and fair relationships with foreign oil companies before the 1973 war led directly to the fastest take-off of any sector with the advent of economic liberalisation.

Egypt possesses small oil reserves, but steady development and the return of the Abu Rudeis oil fields in Sinai made it a net exporter of crude in 1975. Production of crude oil is rising steadily, and although Egypt will not meet President Sadat's publicly proclaimed target of 1m barrels a day by 1980 it is expected to reach 700,000 b/d, enough to push crude oil exports to 12m tons. Expansion of investment levels suggests that Egyptian exports may be dominated by crude petroleum by the second half of the next decade.

In order to offset this imbalance efforts should be concentrated on dovetailing petroleum and gas production into the economy through refining expansion, building power plants and development of petrochemical industry. By 1980 more than half the Government's share of crude oil from production sharing arrangements will be diverted to refining. Export of oil products is intended to double to 3.5m tons by 1982.

Unlucky

Egypt has been unlucky compared to Libya and Saudi Arabia, which have large oil reserves in fields relatively cheap to exploit. Egyptian fields are small and expensive to exploit. Oil production in the past decade has fluctuated because of political and technical events.

In 1967 Israel took over the Abu Rudeis fields in Sinai. This loss of production was countered by higher production from Morgan field in the Gulf of Suez. No sooner had oil output in Egypt climbed back to 16m tons a year in 1971 than pressure in Morgan dropped abruptly. National production plummeted to 7.6m tons by 1974. In 1975 water injection to bring up pressure in Morgan, the development of the offshore July and Ramadan fields and the return of Abu Rudeis brought the level back to 16.5m tons. Last year it reached 20m tons and is expected to top 26m tons in 1978.

From the creation of the Ministry of Petroleum (which has now also taken over the Ministry of Industry) in 1973 foreign oil companies exploring for oil were exempt from harsh restrictions governing transfer of currency. The Ministry handled problems in importing equipment, and the sector developed considerable autonomy. Lack of foreign currency meanwhile remained a great restriction on Egypt's independent efforts in exploration and development. Since then 47 exploration and production agreements have been signed with 26 foreign oil companies.

Egypt has followed the Indonesian style of production sharing agreement in which the companies recover exploration and other costs only if oil is found in commercial quantities. The companies pay signature bonuses for agreements lasting 2-12 years. (Egypt has received $92m for signatures, and the companies are committed to spending $1bn on exploration).

The arrangement is based on profit-oil and cost-oil. The foreign company takes back its production costs from part of production varying from 20 to 40 per cent, according to the circumstances. The remainder, profit-oil, is divided from 75-25 per cent to 87-13 per cent in favour of the Government. If costs are higher than anticipated the excess is rolled over to the next year. If costs are lower then the excess goes to the Government.

Exploration and production is carried out by joint venture companies with the Egyptian General Petroleum Corporation. GUPCO is the joint venture with Amoco (a subsidiary of Standard Oil of Indiana) and is the largest and most important oil company in Egypt, operating the July, Morgan and Ramadan fields in the Gulf of Suez. Offshore oil in the Gulf of Suez is found at 10,000-15,000 feet below surface under a salt stratum which in the past caused technical problems and put up costs. The average cost of production in Egypt is $1.44 a barrel, which is higher than in neighbouring countries. Gulf of Suez production is nonetheless profitable and accounts for three-quarters of national output.

Egypt has 334m tons of known oil reserves, less than a ½ per cent of the world total, a tiny figure compared to the main Middle East producers. Reserves are about two thirds of the smallest Arab producers in the Gulf, Qatar and Oman.

Production of crude reached a critical point in 1975 (which, incidentally, was the year gas was produced in commercial quantities) when output of 16.5m tons made Egypt a net exporter of oil and products. In that year production was partially restored in Morgan, and July field was further developed. Two smaller western desert fields at Abu Gharadeq and Razak had begun production the year before, and Ramadan field was just beginning production. This brought production levels to 11.5m tons, and the September, 1975, agreement with Israel recovered 4m tons annual production from Abu Rudeis and Belayim.

Production can be expected to rise steadily in proportion to the consistently high levels of investment. The bulk of investment capital comes from the foreign partners. Investment in 1977 totalled E£102.4m (E£69.9m foreign capital and E£32.5m) double the 1976 figure.

Targets in the latest version of the five year plan are E£784m, of which locally generated investment is E£340m. Of these allocations one third is for investment in exploration and production, a rather higher percentage for refining and a lower percentage for transport and distribution. This means that average annual investment through the joint venture partners will rise to E£160m, although the five year plan optimistically cites a multi-billion dollar figure in additional investment from separate foreign company exploration activities.

PETROLEUM AND NATURAL GAS RESERVES, (m tons)

	1976	1977	1978	1979	1980	1981	1982
Petroleum							
Production	16.7	20.9	25.8	31.8	36.4	41.9	46.8
Reserves end of year	317.3	338.0	339.0	356.2	367.8	373.9	368.1
Natural gas							
Production	0.1	0.4	0.8	2.0	2.7	2.7	2.7
Reserves end of year	74.6	74.2	73.4	71.4	68.7	66.0	66.3

Source: World Bank.

For three years President Sadat and his Government have told the people that oil is one of the billion-strong sectors of 1980—$1bn each for tourism, Suez Canal (overestimates) and remittances from abroad (now a gross underestimate) and 1bn barrels a day of oil. Such a target would require two major new finds to come on stream in the next two years. However, the 650,000-700,000 barrels a day which is predicted by independent assessments, is a very respectable return on investment. It will mean 12m tons of crude exports by 1980, rising to more than 16m tons by 1982. In that period Morgan and July fields should increase slightly in output, while Ramadan is expected to rise to three times its 1976 level.

In the past year AMOCO (GUPCO) has made two strikes north of Abu Rudeis on the Sinai side of the Gulf and north of Ras Shuqair, where Chevron (Standard Oil of California) with a $22m spending commitment has also produced a showing. Also north of Abu Rudeis the West German company Deminex has an offshore find which may be in the same class as the southern Gulf of Suez fields. The first production well tested has indicated 20,000 b/d plus from a pay zone assessed as 1,100 feet. A serious resource analysis for Egypt must also include the Southern Sinai production wells at Ras Al Tur, discovered and developed by an American company and currently exploited by Israel.

Sucess in petroleum may ironically create yet another imbalance in economic development—an export profile dominated by crude oil in the latter half of the 1980s rather as it was dominated by cotton in the 1960s. The levels of investment and the history of its productive returns compared to the agricultural and industrial sectors backs up this predicition. To sidestep such a development analysts associated with the Consultative Group for Egypt assert that crude output should be used as much as posible to fuel the economic machine rather than simply to earn foreign currency.

Gas production, which started in 1975 with an output of 40,000 tons at Abu Mahdi in the Nile Delta, is now directed towards power generation and industry. Expansion of Abu Gharadeq and Abu Kir fields should bring annual production to 2.7m tons. Consumption has in the past been lower than production capacity because two projects, Mehalla al Kubra textiles and Helwan Iron and Steel, lagged behind in conversion processes. Apparently insurmountable difficulties with the furnace conversion have muted talk of a gas fired extension at the Helwan Steel works, and the concentration is on the Talkha fertiliser factory and a series of pipeline power stations from Alexandria to Cairo.

Slightly more than half last year's crude output was refined locally last year, a substantial improvement because of completion in 1976 of repairs to the Suez refinery, which went out of production during the war of attrition of 1969. Three public companies operate six refineries in Alexandria, Tanta, Suez and Musturud (near Cairo). This year refining is expected to reach the 16.5m tons capacity. Export of products should reach 3.5m tons in 1980 valued at $275m.

Petrochemical plans are focused on a proposed plant at Amreya, the new industrial area outside Alexandria, using naphtha and propane as feedstock to produce 80,000 tons a year of polyvinylchloride, 90,000 tons of low density polyethylene and 50,000 tons of high density polyethylene. Agreement in principle has been signed for a joint venture between EGPC and Montedison, with $100m capital. However, the source of the remaining $300m needed is not yet clear, and approaches to OAPEC are clouded by the expected overcapacity in petrochemicals in the Arabian Peninsula.

On the distribution side the Sumed pipeline (from Ein Sokhna to Sidi Kreir) has been running at less than its break-even point of 50 per cent capacity. Completion in 1977 of the $500m twin line coincided with the world slump in the tanker market and vast overcapacity of transport. Until tanker rates rise or until construction of the strategic Dammam-Yenbo pipeline in Saudi Arabia (which will bypass the straits of Hormuz), Sumed cannot be expected to prosper. Observers wait with interest to see what happens this month and next (when payments on cost overrun loans come due), since previously accumulated interest on the capital should by now have been spent.

Distribution and refining currently account for most of the 35,000 jobs in Egypt's oil sector, a figure which will increase sharply with planned investment in the industry. By 1982 crude oil production should have reached 46m tons, of which the Government's share will be 33m tons. Half of this will be refined locally, producing 3.5m tons of products for export. The industry by then will employ 63,000 people.

M.T.

Farm

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seeding until they can harvest one more non-controlled crop, usually clover (berseem) for animal fodder, which they can sell profitably on the open market.

Late planting adversely affects cotton quality and often means that Government quotas are not met. And, what is worse, by extending the clover season, the farmer unwittingly encourages the growth of the devastating cotton leaf worm, which grows from a moth initially attracted to the clover leaf.

While the pricing policy is viewed as a significant constraint to Egyptian agricultural productivity, the most serious problem, one which affects 80 per cent of cultivated land, is inadequate drainage. With better drainage facilities, says a recent study by the U.S. Department of Agriculture, crop yields could increase by as much as 50 per cent.

Since the early 19th century Egyptian farmers and agronomists have stressed the importance of irrigation, of enriching as much land as possible with the waters of the Nile. The completion of the Aswan High Dam in 1970 meant that farmers at last had an abundant supply of water the year round and no longer had to depend on the annual Nile flood. But the dependable abundance of water has been a mixed blessing: it has helped bring thousands of acres under cultivation, while at the same time it has raised the water table to dangerous levels.

Drainage facilities have proved incapable of carrying away the excess water and soil has become waterlogged, preventing air from getting to plant roots. The water has likewise begun to wash the salt out of the soil, thereby increasing salinity in ground water.

The World Bank is currently funding projects throughout Egypt to instal tile drains in nearly 1m acres by 1979. To date, according to a Ministry official, drains have been installed to service 650,000 acres.

Egyptian agriculture is still heavily dependent on animal power, as is clear to anyone who travels in any direction out of Cairo. Donkeys and camels lope along carrying loads of sugar cane or clover, while blindfolded female cattle, harnessed to an aluminium waterwheel and driven by small children, turn round and round, pumping water from irrigation canals to the crops.

While most of the ploughing is now done by tractors, owned by co-operative societies, farmers rely on 4-5m draught animals for pumping, threshing harvesting and transport.

The animals, of course, have to eat, and land which could be used to grow crops for human consumption is planted with clover. Man and beast thus compete directly for the precious few acres that can be cultivated.

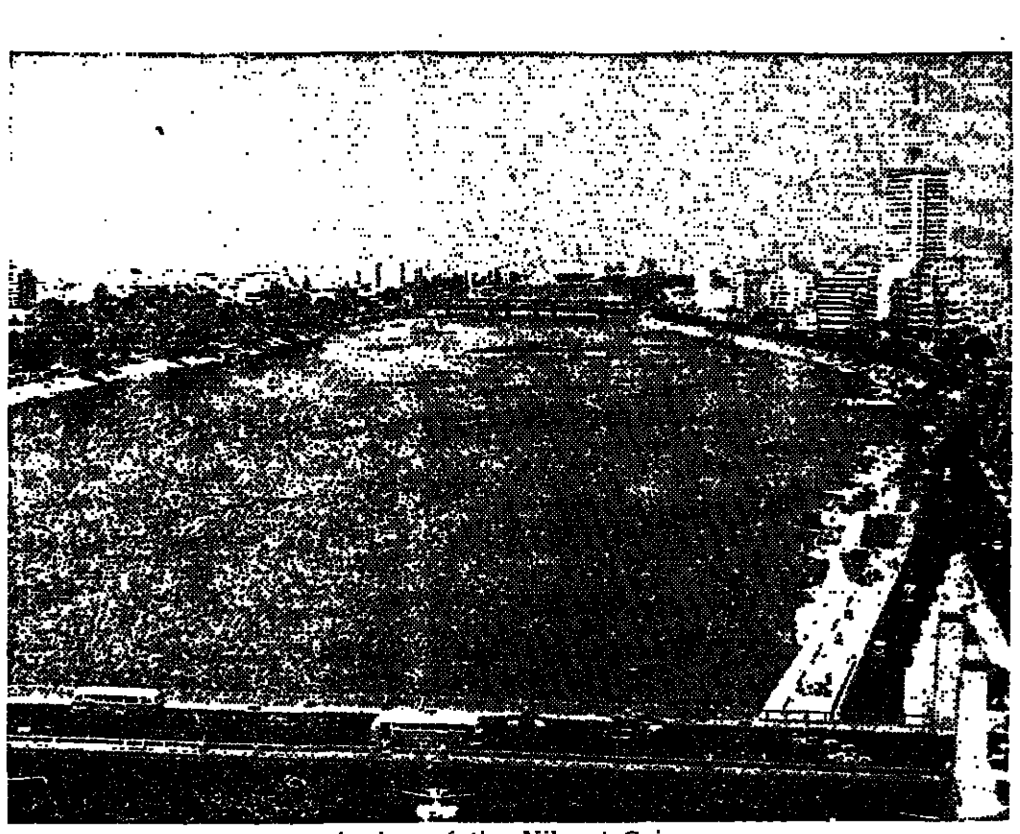
Through mechanisation and improved husbandry techniques animals could be reserved for milk and meat production, thus reducing Egypt's need to import these products and making more land available for cereal crops. A Food and Agriculture Organisation study estimates that milk production could be increased by 160,000 tons a year if mechanisation alone were fully implemented, while other experiments have shown that cross-breeding with Friesian bulls from Europe will lead to even higher milk yields.

Cost alone is not the only factor which inhibits mechanisation. Agriculture officials cite the farmer's traditional pride in animal ownership and the negative effect that automation would have on rural employment. And, they add, efforts at cross-breeding and genetic improvement of milk and meat producing animals are hampered by insufficient veterinary services.

For all its problems, however, Egyptian agriculture is still remarkably productive. Farmers in Egypt are widely respected for their hard work and their ability to take full advantage of the gifts of the Nile. They are able to get nearly two crops out of every available acre, one of the highest cropping ratios in the world.

But the farmer, as is his land, is now being asked to carry a seemingly intolerable load, that of feeding the country and subsidising its industry. Land reclamation schemes may eventually lighten the burden, but in the meantime the Egyptian farmer will have to plod along, working with minimal Government support for a return that barely allows him to meet his costs.

Nathaniel Harrison



A view of the Nile at Cairo.

Overcrowding becomes a major issue

UNCONTROLLED population increase and the inability of domestic resources to generate enough income to provide food and shelter for the Egyptian people together constitute the most critical problem for Egypt's development.

Successive Egyptian governments have totally failed to come to terms with the issue. Innumerable institutions have been established to study the problem but no government has so far been willing to create the executive momentum needed to implement a programme of population control.

Overpopulation replaced external debt as the top issue for Egyptian development when the Consultative Group for Egypt met in Paris in June. This made it implicitly clear that continued foreign support for the economy is conditional on President Sadat's Government taking serious steps to curb population increase. Since the international body of Egypt's creditors is the single most powerful directing force in the economy, it seems possible that Egypt may now be obliged for the first time to take serious steps in this direction.

In 1975 Egypt passed a watershed. In that year the agricultural sector, which is the basis of employment and production, passed for the first time into a net deficit. Wheat imports, bought with borrowed money at the high 1974 prices, overwhelmed the foreign exchange earning capacity of agriculture, including the export of processed and manufactured goods based on farming. Egypt now imports 4m tons of wheat each year. Domestic agriculture each year becomes progressively less able to feed more and more people.

With 3.5 per cent of its 387,000 square miles inhabitable, Egypt is one of the world's most crowded countries. It has about 40m people. The 1976 census, the accuracy of which has been subject to question in some circles, showed a total population of 38,228,000. The rate of growth is 2·38 per cent a year, but the cities are growing at a rate closer to 4.0 per cent because of chronic migration from the countryside. In 1900 Egypt had 10m people, by 1950 this had risen to 20m. In 1980 it will be at least 42m and probably more. By the end of the century present progress should mean a total of 70m people. Present rate of rural depopulation and urban growth will mean that almost two-thirds of these people will live in towns. Compared to the present urban population of 45 per cent, Egypt faces the prospect of Cairo with 20m people in 20 years' time.

Every year more than 1m Egyptians are born. Typically, the newly-born will be one of six-12 children in a village peasant family. Typically, the child will receive a rudimentary education, insufficient to equip him for a new way of life but enough to arouse aspirations which cannot be fulfilled by life in the countryside. After school he will join the army to do national service. There he will learn the rudiments of sewing, cooking and driving a motor vehicle. After military service he will visit his family in the village and find the prospect of 35 years' working the land unattractive. So he will leave for the nearest town, hoping to use skills learned in the army, to earn a living.

Meanwhile his provincial town counterpart will have found the stimulus of the country town unstatisfying. He will have moved on to Cairo along with hundreds of thousands of others who each year drift to the capital city to add to the millions of unemployed and semi-employed. Typically he will start working in the construction industry. After acquiring experience he will follow the stream of skilled workers to better paid jobs abroad.

This process, which is visibly apparent in Egypt, has been continuing for the past seven years. It has now accelerated to the point where the shortage of skilled labour in the towns and shortage of seasonal and casual labour in the countryside has pushed up wages seven and four times respectively in the past three years. There has been no commensurate increase in output. Because of the attraction of remittances from workers abroad, which have tripled in the past year to $1.8bn, the Government, far from trying to take steps to stem the flow of skills out of Egypt, has made the export of labour part of Government policy.

Little

In the past two decades population problems have been much talked about, but pitifully little has been done. The Government has never pushed or organised birth control as hard as it could have done. Although contraceptives have been on sale since 1955 and the National Family Planning Board opened its first clinics in 1957, it was not until November 1965 that the Supreme Council for Family Planning was set up. It launched the first national plan the following year. But neither the board nor the council has had executive responsibility, which has remained divided between the Ministries of Health and Social Affairs. Interministerial disputes have created a pattern of conflicting priorities for budget spending in which the sufferer has always been family planning.

A ten-year plan drawn up by the Supreme Council for Population and Family Planning in 1973 based on a strategy of restraining the birth rate by changing social attitudes. It has met with little success for two reason. First, the traditional reasons for wanting a large family are deeply ingrained — superstition, need for labour in the fields, security in old age and insurance against loss of children from endemic high infant mortality. Second, the administrative problems seem to have been insurmountable largely because of the number of official bodies involved. They include the Supreme Council, the ministries of education, religious affairs, information, health, social affairs, local administration, manpower, land reclamation and agriculture.

That the population problem was not the prime consideration of the first meeting of the Consultative Group for Egypt in 1977 reflected the panic at that time over arrears on foreign debts rather than implying that the population problem was less important. The start of international pressure in Egypt to take measures came last year after the first Paris Consultative Group meeting, when Mr. David Rockefeller, President of Chase Manhattan gave a Press conference in Cairo citing population as the most serious obstacle to development of the economy.

A year later the need to remedy the situation is being pressed harder by a larger and more powerful lobby. So far there are few signs that the Egyptian Government has recognised that it is likely to receive carrot and stick treatment to force it to deal with the crisis. Officials in the Government pay lip service to the need for a real population programme as they have done in the past, but there is no evidence of a real change of laissez-faire attitude.

If the present mood of the Consultative Group hardens over the next year and development aid becomes increasingly linked to implementation of population control policies, then there is hope. Egypt's historical administrative weakness indicates that if the Government is not forced to take measures then nothing will be done. If that is the case Egypt will be sucked into a frightening spiral guaranteed to prevent economic development. This spiral consists of more people with fewer skills each year living off resources which are declining not just in proportion to population but in absolute terms.

M.T.

Vast tourism potential

THE EXPECTED increase in the number of tourists coming to Egypt this year has failed to materialise as many Arab travellers are staying away from Cairo in the wake of President Anwar Sadat's controversial trip to Jerusalem last November.

Tourism officials say they are concerned but not unduly worried. First quarter statistics this year, they point out, show a 5 per cent overall increase in the number of tourists, but concede that a jump of 15-20 per cent had been anticipated. And while revenue from tourism totalled E£118m during the first five months of 1978, an increase of 20 per cent when compared with the same period last year, this too is believed to be less than expected.

There have been marked decreases in the number of tourists from Libya, Syria, and Iraq, countries with which Egypt broke off relations following their vituperative attacks on President Sadat and his contacts with Israel. There has likewise been a noticeable decline in tourists from Kuwait and Jordan, where Mr. Sadat's initiative received a somewhat more sympathetic response.

But officials such as Mr. Moustapha Zeitoun, Director of Tourist Research and Statistics, take heart in the fact that big-spending Saudi Arabian tourists continue to visit Egypt in substantial numbers, as do Western Europeans and Americans. He is confident that Egypt's popularity with British, French, West German and American tourists (whose appetites have been whetted by the current U.S. tour of objects from the tomb of King Tutankhamun) will eventually soften the impact caused by losses in the Arab trade.

When officials talk about the good days that lie ahead for the Egyptian economy, they are banking on large earnings from three sources: oil exports, the Suez Canal, and tourism. Slightly more than 1m tourists visited Egypt in 1977 (a 2 per cent increase over 1976), from whom the country earned E£254m, nearly 65 per cent more than in 1976.

"I think tourism is actually more important than oil and the canal," says Mr. Zeitoun, "because we already have all the factors that encourage tourism. Tourism needs only good promotion and well-trained personnel, while the other two require a lot of costly equipment."

Others in the Ministry of Tourism argue that the financial return is quicker from tourism than from heavy industry, making it a lucrative incentive for foreign investment. But Egypt, too, will benefit, they maintain, since it is estimated that every new hotel room will create jobs for at least two persons.

Shortage

Egypt, however, still faces a critical shortage of hotel rooms and is in danger of losing the chance to exploit its vast tourism potential. Travel agents in the United States and elsewhere regularly warn travellers that they may not find a room in Cairo, where first class hotels are reportedly 98 per cent occupied all year round.

The Government launched an ambitious five-year plan in 1976 to build new hotels, renovate old ones and improve tourist services generally. The plan was revised this year and now extends from 1978 to 1982, when it is hoped that 1.7m tourists will be visiting Egypt annually, generating an income of E£500m. By 1982, according to the plan, hotel capacity will have increased by 50,000 beds.

Today, therefore, Cairo is dotted with great gaping holes from which luxury hotels will eventually rise to dominate the skyline. The atmosphere is punctuated by the relentless thump of pile-drivers as developers rush to meet the 1982 deadline.

"The majority of the projects are going along pretty much on schedule," according to Mr. Hamid Abdel-Meguid, Secretary of State for Tourism, "and everything should be finished by 1982." The delays, he says, have been caused by shortages in construction materials, like iron and steel, as well as skilled labour.

Mr. Abdel-Meguid predicts that by the end of this year Egypt's total hotel capacity will increase by 2,000 rooms. Already, he says, the 112-room extension to the Mena House, near the Giza Pyramids and the site of Israeli-Egyptian peace talks last December, is in operation. And in the autumn a complex of chalets will be ready at Hurgada on the Red Sea.

In May, however, tourism development plans suffered a major setback when President Sadat cancelled the controversial, $0.5bn Pyramids Plateau Project. Situated on a large tract of land just behind the Giza Pyramids, the sprawling resort would have increase accommodation capacity by 10,000 beds and would have provided guests with golf courses, swimming pools, shopping centres and conference halls. In its first year of operation, the Ministry of Tourism expected the project would earn E£2m and up to E£50m when finished.

Mr. Sadat voided the contract for the project, which had been signed with Southern Pacific Properties, a Hong Kong based company after his political opponents charged the government with having approved less than upright land sales and after environmentalists had protested that construction would endanger the Pyramids.

But work proceeded on other major ventures, including the transformation of the Omar Khayyam palace into the largest hotel in the Middle East.

Built more than 100 years ago by the Khedive Ismail to house the royal guests who came to Egypt for the opening of the Suez Canal, the elegant old palace is just about all gone now. The Omar Khayyam is set apart from the hustle and bustle of downtown Cairo on Gezira, a residential island in the Nile.

The original structure, only a portion of which remains, is now flanked by two multi-storey towers. When the entire complex is finished, by the end of next year according to hotel officials, it will make available more than 1,200 rooms.

As part of its plan, the Egyptian Government is offering a five-year tax exemption period to encourage investment of foreign capital in touist projects, and the Omar Khayyam, as with most first class hotels in Egypt, is owned by the state but will be managed by a foreign company.

Elsewhere in Cairo, under a similar arrangement, the Nile Hilton is adding a 400-bed extension to its main facility in the heart of the city, as well as an annexe nearby.

The Cairo Sheraton is likewise planning to construct an annexe and next year is expected to open a 700-room hotel in Heliopolis, just north of central Cairo. In another section of Heliopolis, the British company, Brent Walker, is expected to inaugurate its 330-room El Salaam Hotel next January.

The Intercontinental Company has begun reconstruction of the Semiramis Hotel, while just across the street the renovation of Shepherd's Hotel is expected to be completed this year.

Outside Cairo, Egypt is planning to exploit the tourism potential of its magnificent Mediterranean and Red Sea coastlines. At Hurgada, on the Red Sea, Sheraton is renovating an existing hotel, while along the Mediterranean, west of Alexandria, there are long-range plans for a complex of tourist villages providing 4,000 rooms.

The five-year plan and the rush to build mammoth hotels is part of President Sadat's Open Door economic policy to attract western and Arab investment in the Egyptian economy. Open Door supporters argue that foreign investment will lead to more production and more jobs, while its critics contend that it is too consumer oriented. Investment ventures such as hotels and tourist projects, they say, will bring a quick and profitable return for the foreign investor but will do nothing to improve basic Egyptian industries.

There also remains the ominous possibility that general economic conditions in the rest of the world will one day place Egypt beyond the reach of many western tourists, as could another war in the Middle East.

The decision by the Government to invest so much in tourism will face its biggest test in 1980 or 1981 when many of the projects in the five-year plan are scheduled for completion and when 1.7m tourists are expected to visit the country.

Nathaniel Harrison

Shipping returns to Suez

SO QUICKLY has the Suez Canal re-established itself as one of Egypt's rare bastions of efficiency, the pride and joy of the economy, that it is easy to forget it was reopened only three years ago amid a wave of doubts about its viability in the absence of peace. Since 1975 it has become the main foreign currency earner after remittances from Egyptian workers abroad. It has also stimulated a boom in the reconstructed zone which runs the length of the canal.

Everything has not gone exactly to plan. The pricing strategy of the canal when it reopened was based on the return of oil tankers as the main revenue earner. Increased use of the waterway by oil tankers increased steadily during 1976 but levelled off last year. In order to accommodate the generation of supertankers which developed during the eight years of closure from 1967, the Suez Canal Authority decided to widen and deepen the waterway. The first stage of this project was originally due to be completed in 1979. It will not now be ready before 1980 partly because the financing took longer to arrange than anticipated.

Excellent

However, despite these difficulties, the future for the canal looks excellent. A boom in container ships has partly compensated for the failure of tankers to use the canal as much as had been hoped. Completion of widening and deepening in 1980 will enable it to take tankers up to 150,000 tons fully laden. Oil tanker traffic in the future, despite prospects for a continued world tanker slump, should be assured by the building of the strategic oil pipeline from Dammam in Saudi Arabia to the Red Sea.

The worst fears of the pessimists have been proved wrong. International shipping has returned to the Suez Canal. None of the predicted accidents took place following the clearance operation to remove vessels from the waterway. All the unexploded war material was evidently removed. The administrative machine of the Suez Canal Authority moved smoothly into action, running shuttle convoys between Port Said and Suez. SCA tugs now take 75-80 vessels a day through the canal in three convoys. Revenues have risen steadily and in 1978 the Suez Canal Authority can be expected to earn $500m.

The psychological effect of this is not to be discounted. About 1m or so people have moved back to the three canal cities, Port Said, Ismailia and Suez, following the 1974-75 reconstruction and rehabilitation programme. Life has been transformed and the Canal Zone has created an atmosphere of its own which contrasts totally with the rest of Egypt.

In Port Said the dollar-orientated free zone has created something of a boom. But it must be said that genuine economic prosperity cannot be based on property speculation and smuggling. At Suez at the other end of the canal the city has some way to go in physical rehabilitation—it was the worst damaged part of Egypt after the 1970-71 war of attrition—but as a refining, industrial and oil service centre it has an excellent future. Ismailia is an airy adminstrative town which houses the headquarters of the Suez Canal Authority.

The Authority hoped that oil tankers would quickly return to their dominating position in the traffic pattern of the waterway. This has failed to happen for two reasons: First, the entire pattern of oil transportation changed during the period after closure of the Suez Canal. The 100,000-500,000 ton very large crude carrier (VLCC) developed as the chief means of oil transport in an astonishingly short period. These vessels can carry oil to Europe and the U.S. via the Cape of Good Hope more cheaply than small vessels using the canal. Second, overinvestment in tankers and the turnround in availability of oil supplies following the price rises of 1973 have produced the worst ever slump in the tanker market, creating conditions which have temporarily altered the economics of oil transport.

While small tankers continue to use the canal, owners of the large vessels are not even certain that using the canal for tankers in ballast is economic. The Suez Canal can accommodate vessels up to 350,000 tons in ballast, and a routeing system developed in 1976 and 1977 for supertankers to use the Cape route for laden journeys from the Gulf and return via Port Said and Suez. But the SCA can demand up to 6-8 per cent extra in a special surcharge over standard rates for these vessels, which has driven off some potential clients. Only seven or eight big tankers a month pass through in ballast and representatives of the tanker owners have been trying, so far unsuccessfully, to persuade the Authority to lift or lower the surcharge.

Widening

The Suez Canal Authority adapted quickly to new circumstances and initiated a programme to extend the dimensions of the Canal to accommodate the bulk of new tanker tonnage. The widening and deepening project was rightly seen as the only way of utilising the Canal's full economic potential.

After delays of a year or so while Mr. Mashhour Mashhour, chairman of the SCA, arranged financing, all necessary funds for the expansion project were found. The largest lender is the Japanese Government, $214m credit, with which the SCA is paying for work by Japanese contractors. Penta-ocean is the main Japanese contractor dredging the southern section of the Canal in the approaches to Port Tewfig as well as carrying out difficult cutting work further north in the Canal. The World Bank last year agreed to a $100m loan (in addition to $50m lent during the clearance operation). The Suez Canal Fund and Suez Canal Authority itself are providing loans of $95m. The next largest creditor is the Saudi Development Fund with $50m. Other lenders are the Arab Fund for Economic and Social Development ($41.4m), Kuwait Fund for Arab Economic Development ($20.7m), Abu Dhabi Fund for Arab Economic Development ($15m), USAID ($25m), Islamic Development Bank ($12m), and the governments of West Germany ($10m), France ($2m), and UK ($10m).

This accounts for all the foreign exchange needed. Work is well under way along most sections of the canal, with contracts about to be taken up for final stretches in the north of the waterway. When work is completed in 1980 the canal will be able to take ships with a draught of 53 feet compared to the present 38 feet. Vessels of 150,000 tons fully laden will be able to transit, and 350,000-ton ships will be able to pass in ballast. Final stages of research on the dynamics of taking these large vessels through are being caried out in cooperation with French and British institutions, the hydraulic research station at Wallingford and Société Grenbloise d'etudes et d'applications Hydrauliques.

Despite the world tanker slump, there is every reason to suppose that traffic changes anticipated by the SCA following the expension programme, will take place. The economics of the large tanker market have been studied by Coopers and Lybrand Associates, the British consulting firm. This company estimates that canal earnings will rise to $1.4bn by 1985. This implies the SCA might achieve its target of $1bn revenue a year later than hoped by 1981, when teething troubles of the wider canal have been ironed out.

In the meantime last year's surge of container traffic, the result of agreement between the SCA and the big three container lines over surcharges, continues. The key moment came early in 1977 when Trio, Scandutch and Overseas Containers agreed to pay a $7\frac{1}{2}$ per cent surcharge for the four tier container vessels, which weigh upwards of 40,000 tons. The container boom should continue to take up the slack until the tanker market recovers. The big take-off should come with completion of Saudi Arabia's strategic pipeline from Damman to the Red Sea coast. When this is completed piped crude will be transferred to tankers which will tranship a substantial proportion of Saudi oil through what will then be the expanded Suez Canal. This should guarantee revenue for the 1980s.

M.T.

Arthur Smith reports on the background to the plan for further redundancies at the machine tool company of Alfred Herbert

A new bid to halt the spiral of decline

RENEWED EFFORTS are being made to halt the seemingly inevitable spiral of decline of Alfred Herbert's machine tool business. The company, once one of the world's leaders in its field, has been subject to a series of reorganisations over the past decade which have seen the workforce cut by more than half, from around 11,300 in 1970 to the present 5,500.

Now, less than three years after being rescued by the Government, management is seeking to push through another 720 redundancies, most of them at the Edgwick plant in Coventry at the very heart of the empire created by the late Sir Alfred Herbert. The move has caused a predictable outcry from the trade unions at Edgwick, where around 300 workers left under a voluntary scheme earlier this year. And there are real fears that this, the company's biggest plant, once reduced to the planned 900-strong work force, could become a candidate for total closure.

Management has been forced to take tougher action than it would have wished because of the machine tool division's poor sales performance in the early months of the year. The company submitted a review of its corporate plan to its owners, the National Enterprise Board, only last month indicating that the trading situation had deteriorated considerably since the original plan prepared at the end of last year. In the face of low demand both at home and overseas, orders are well down on forecast, particularly for exports and for the more traditional machine tool products produced by the Edgwick plant. The company is also paying the penalty for having continued to manufacture for stock throughout last year in order to maintain employment in the hope of an upturn in demand which has not materialised.

The present efforts to reduce the labour force, costs and bring capacity back in line with demand, have become all too familiar. From its ascendency in the immediate post-war years in both domestic and world markets, Alfred Herbert has seen its position steadily eroded. By the early 1960s, criticism of the company's alleged conservatism in design and sluggish response to technical developments began to make itself felt.

Boardroom changes saw the company embark upon two ambitious projects in 1966 with the purchase of BSA's machine tool interests and a joint manufacturing venture with Ingersoll, a U.S. milling machine company. The objective was to exploit the growing market for computer-controlled machines aimed particularly at the needs of the international motor industry. Though Herberts paid out £11m in dividends to Ordinary shareholders in the six years up to 1968, profitability was on the decline. Troubles intensified with the deep recession the industry suffered in 1970-71. With losses climbing to nearly £9m, the labour force was trimmed by a third to just over 7,000, stocks were cut and the cash flow position was improved. Herbert-Ingersoll, in which the UK company had invested £5.23m, went into receivership in June, 1972.

Problems

The three-day week of early 1974 coupled with rampant inflation added to Herbert's financial problems and held back necessary investment upon new plant and products development. By late 1975 the Government was forced to step in to prevent total collapse. It provided a £25m equity injection to replace fixed interest debts and losses, and a further £1.25m to buy out remaining shareholders. Sir John Buckley, the man who turned round Davy International into a successful company, was called in by Mr. Eric Varley, the Industry Secretary, to do a similar job for Herbert. He found himself chairman of a company which had piled up losses totalling around £27m in the previous seven years.

He quickly highlighted the problems which he believed should be tackled: capacity was too great to meet even the most optimistic market forecasts; management was inefficient and over-centralised: and the product range limited and often outdated.

Mr. Walter Lees, recruited as chief executive from Tube Investment's machine tool division where he was managing director, introduced eight different profit centres.

"The objective we are still pursuing is to decentralise as as much as possible to give each unit control, responsibility and accountability for performance."

He argues that it is wrong to view the company as a whole. Even the four machine tool manufacturing plants are treated as separate profit areas, with different problems and performance.

"It is a mistake to talk of the Alfred Herbert problem. It is really an Edgwick problem. It is that plant that has been the principal drain on cash and profits."

Operations at Alfred Herbert are organised in three broad divisions, each with its own managing director. Of the total £54m turnover last year, the machine tool division accounted for around £34m, of which £4m represented distribution of other manufacturers' goods rather than production. The tooling division, which manufactures and distributes products such as dies and micro-bore equipment, made a profit after interest of £864,000 on a £16m turnover. The controls and instruments division also showed a surplus of around £500,000 on a £4m turnover.

The tooling division with five manufacturing sites and 1,240 employees, is seen as a profitable growth area. The sales and distribution operation, currently based at Edgwick, is scheduled to move shortly to a new warehouse and office complex at Exhall, Coventry, which, it is hoped, will increase distributing capacity by 50 per cent.

Profitable

The two operations embraced by the controls and instruments division are scheduled for an important role. Herbert Sigma, a Letchworth-based subsidiary, has a staff of 370 involved in the development and manufacture of measuring and inspection equipment, primarily for the engineering industry. This is a profitable and growing business.

Herbert Numerical Controls, with 90 workers, at Woking, specialises in the supply of control systems for the machine tool sector; this is an area which Herbert is anxious to exploit in order to expand the more sophisticated high added-value products.

Within the machine tools division, the principal debate has centred upon the best way to trim capacity to meet the expected level of demand. The company has indicated to the National Enterprise Board that likely order intake over the next five years could put at risk either of the two biggest plants, Mackadown Lane, Birmingham, with 750 workers, or Edgwick.

Mackadown, which supplies single and multi-spindle automatic and other turning machines for high volume production, has won enough orders to ensure its short term future. After showing a small loss last year, the factory is expected to break even in the current 12 months. Updating of products is under way and market investigations are being conducted to seek alternative machine tools. The main question is whether the plant will be able to justify investment of £7m in a new range of multi-spindle machines.

Edgwick suffers from the size of plant and consequent heavy overheads, and the fact that it has an ageing products range. Manufacturing different types of turning machines for small batch production, the plant's market for commonplace capstan and turret lathes has come under attack from low-cost countries, such as Poland, Taiwan and Korea.

Management sees no long term future in the more common machine tools and pins hopes for Edgwick on the introduction of a new range of computer-controlled lathes. Pre-production machines are now being built and full manufacturing should begin next year. Some Herbert executives would argue that the dependence of Edgwick upon the new range of products presents a strong argument for closure now, in order to introduce the machines at Mackadown.

The strategy adopted by the Herbert Board, however, is merely to slim down Edgwick operations in the hope that losses can be stemmed. But the risk must remain that unless the redundancies can be negotiated smoothly and quickly, manufacturing might halt completely. Spare capacity is clearly available elsewhere and management has made it clear to the shop stewards that it does not have the resources to make redundancy payments very different from those made in the past. The unions, basing their demands on awards made by Massey Ferguson, at the nearby tractor plant, and by the British Steel Corporation, are seeking a gross payment of around £10,000 for a man with 20 years' service.

The gap between the two sides is wide. The unions know that by picketing the Edgwick plant they can hold up supplies for the profitable tooling division—a stoppage which would cost the company around £500,000 a month. But the damage inflicted would be self-defeating as it would almost inevitably lead to the loss of the remaining 900 manufacturing jobs at Edgwick.

But in the management debate that preceded the decision to tackle the Edgwick problem arguments were not always one way. One body of opinion held that a more sensible solution to the problem of over-capacity would be to close not only the Mackadown plant but also the Red Lane factory in Coventry, employing 440, and concentrate production at Edgwick.

Such a move, it was suggested, would present the opportunity to operate plant facilities at a more realistic level of capacity and spread overheads. Sale of the Red Lane site, worth perhaps £1m, and the Mackadown site, £2m, together with surplus plant and materials, would realise much-needed cash.

In the words of one senior executive: "It would be far better to consolidate production in one place than to scatter resources over three sites and run the risk of steadily reducing capacity at each in turn."

The plan finally agreed by the Board will involve a little consolidation with the transfer of manufacture of grinding machines from the Red Lane plant to Edgwick. Around 150 workers will be affected but some will be offered a transfer rather than redundancy. Space vacated at the plant will present the opportunity for alternative uses, but the 290 workers remaining at the Red Lane plant will continue their profitable work of reconditioning used machine tools.

The fourth machine tool plant, at Lutterworth, with a 520-strong labour force, seems to have remained untouched in the debate over future capacity. The factory, producing drilling, boring and milling machines was profitable last year and is again expected to be in surplus.

Reorganisation

A recent management reorganisation saw Mr. David Davies, the finance director, put in overall charge of machine tool operations. His principal role will be to provide the link between manufacturing and sales and marketing in order to prevent production running ahead of demand as it has in the past. Plans are well advanced to strengthen Herbert's sales efforts. It is acknowledged within the company that although the international market is depressed, part of the reason for Herbert's poor showing can be attributed to the lack of edge and drive shown by its selling organisation.

Sales and marketing functions are still considered too centralised and changes will be effected later this year when the department transfers, along with head office staff, from the old-fashioned administrative buildings at Edgwick to Draywood House, Coventry, a new office block and showroom. A centralised field sales team will be retained but the aim will be to get an earlier and stronger involvement of the individual plants in the sales effort.

The issue at the centre of the immediate cash flow problem is the decision of the company to carry on building machines for stock through last year. Interest on the stock, which currently stands at £7m, is a heavy drain on finance.

The interesting question is whether it was simply a bad error of judgment, or whether management was inhibited from taking tough action sooner by the fact that it is supported by Government money.

In its defence, Herbert might argue that many other companies expected the market to improve, it would have been costly in redundancy payments, and there was the risk of losing valuable skilled labour. The NEB has given the company a fairly free hand and there is no suggestion of political interference.

Whatever the reason for the delayed response, management now seems to have steeled itself to the task. Attention will now focus upon the redundancy negotiations at Edgwick, and whether the company can achieve the smooth rundown that it requires.

Alfred Herbert, under a series of different managements, seems to have been at this point before. Each cutback is presented as the one that should herald a revival. The present Government has placed its faith firmly in Sir John Buckley and must gamble that his judgment will be correct.

Letters to the Editor

Scope for the innovators

From Mr. A Fox

Sir,—It was perhaps fortuitous but particularly appropriate that David Fishlock's article "New hope for the innovators" should appear above a letter entitled "Who would want to invest?" (July 24). It most clearly illustrates the undoubted problems affecting British technology in the utilisation of ideas.

It certainly appears that British industry/government has become far more circumspect both in its ability to react speedily and in its view of risk. Our gambling instincts with respect to industrial application of innovation appears to have declined in direct proportion to the increase in our personal gambling habit. So many times the need to eliminate or quantify all risk stultifies and causes projects to be abandoned. I believe this to be a basic flaw in our thinking process. To quote De Bono's Law—"An idea can never make the best use of available information"—but so often we wish to see every problem envisaged and solved before it is even encountered.

We seem also to be greatly influenced and possibly enamoured of the classic failure. Unlike David Fishlock I believe NSM failed because the product simply wasn't good enough. It did not possess all the qualities of a good smoke.

Having recently listened to Mr. Malpas's lecture "Engineering excellence in manufacturing processes," I was tremendously encouraged that someone was attacking and succeeding in changing some of the basic thinking of my own profession of chemical engineering. I believe, however, there is still a long way to go in creating an environment in which creative thinking is supported and in which risk is taken. Indeed there are many papers which show that utilisation of innovation is most often practised in smaller companies for whom the risks generally are greater.

In the same paper, Malpas shows that whereas our ability to conceive and manage chemical complexes, our chemical engineering contracting skills, are the equal or better than any other in Europe, our ability to provide the hardware for the projects, our process equipment and manufacturing skills, is in many major areas lagging behind. An example perhaps again of the ability to think but not to do. To quote Malpas, in answer to a question "discounted cash flow is the enemy of strategy."

It is pleasing to hear that Mr. Davies is to encourage the application of ideas, and to learn that he has added engineer to his title, but bearing in mind his aims, I am caused to wonder about the order. Mr. Davies has written in the past of the three ages of industrial chemistry and makes the contention that the vast costs of introduction of innovation at the present time have mitigated against its uses. If he has not already done so, I feel Mr. Davies should rapidly mount a study into the essential requirements of viability. Many times evaluations are carried out to quantify risk only to find they have contributed little useful data for the decision taking process. How may manhours are expended fruitfully and what are the really important questions to ask? Let us study success a little more and anlyse failure somewhat less.

As a footnote to this letter it is said that a creative engineer and thinker of Mr. Malpas's calibre should be leaving the country for what his been quoted in the press as "tax reasons." But that again is another British environment problem.

A. G. Fox.
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Ladybridge, Bolton.

Liberty in Iran

From the Press Attaché, Imperial Iranian Embassy

Sir,—A number of allegations made at a Teheran Press conference on July 11, of the "Committee for the Defence of Liberty and Human Rights," and reported by Andrew Whitley on July 12, require a reply.

It is ironical that the committee spokesman, Mr. Mehdi Bazargan, should be lamenting an erosion of freedom for dissidents since the inception of the Government's liberalisation programme, while he was enjoying free access to the Press in an open forum.

Mr. Bazargan claimed at the Press conference that acts of torture had resumed, a baseless allegation. The Iranian Government has repeatedly stressed that torture no longer has a place in Iran, and instructions have been issued to that effect. Any allegation to the contrary, unless it can be substantiated, is as evil as the act itself.

Mr. Bazargan also claimed that demonstrators imprisoned in Isfahan for their illegal activities—he put the figure at 70—had been seriously beaten up in prison by other prisoners. Again the charge, as he states it is groundless. The facts are that, firstly, the number of demonstrators imprisoned in Isfahan fell far short of the figure produced by Mr. Bazargan; secondly, while a prison disturbance did take place, it involved inmates serving sentences for other offences and not those detained on charges of anti-Government activities.

Bahman Azmoudeh.
10, Prince's Gate, SW7.

Revaluing pensions

From Mr. M. Griffiths

Sir,—Eric Short argues (July 26) that there is a strong case for an employer to be obliged to revalue the deferred pensions of those who leave his service before retirement age in line with national average earnings.

He says that the employer should have taken into account futuer inflationary increases in salary in funding for the ultimate pension. From this he draws the conclusion that the employer should, therefore, accept the responsibility for preserving the real value of pensions based on the salary level of employees when they leave his employment, and that by not doing so the employer makes a "profit." This thesets really won't stand examination.

In estimating the future cost of any particular package of pension benefits one must take account not only of the likely effect of future salary inflation but also of the probable effect of early withdrawals from the pension fund. The costing on which the employer has absed his offer, or negotiation, of pension rights will have allowed for the limited rights given to early leavers. Had the employer had to allow for inflation-proofing of deferred pensions he would within any given budget, have had to offer a lower basic level of pension. It is, therefore, incorrect to conclude that the employer makes any "profit" when an employee leaves the pension fund before his normal retirement date or that the employer ought to devote that profit to inflation-proofing the early leaver's deferred pension.

In practice, in recent years, the level of inflation has been such that, even allowign for any technical profit to their pension fund from early leavers, employers have generally had to increase contributions to their funds quite substantially.

It would accordingly be wrong to impose any retrospective obligation on an employer to amend the terms of benefits granted for service before the date of any legislation. To do so would penalise those employers who currently offer generous pension benefits but would impose no additional obligation on those who promis nothing at all. I do not oppose legislation on the subject sa such, but if there is to be legisation it should apply to benefits for future service only so that, if need be, an employer could renegotiate the terms of his scheme to take account of the increased costs which will be involved.

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Actuaries can argue

From the Managing Director, United Glass

Sir,—In Eric Short's article on pensions (July 26) the statement is made that experts do not like the concept of transferring a lump sum from one fund to another, and he suggests that because of the differing pension schemes the actuaries could argue for ever.

As one of the laymen referred to I do not see why this should be so. The pension fund that the man is leaving must have some lump sum available, based on all past contributions, which it thinks is adequate for the obligations which that fund has at that moment for the man in question. This degree of adequacy can be vouched for by their actuaries.

If this sum is transferred to the new fund it may not be adequate for that fund's obligations because it might be a better scheme. In that case it would be the responsibility of the new fund either to see that the sum is supplemented or alternatively the benefits for the man must be reduced to meet the sum available. Most probably the former course would be chosen because the new employer wants the services of the man and, therefore, has more incentive to see that he is attracted. The past employer has no further interest in the man and will always be doing as little as possible to add to its costs on his behalf.

As an employer I must say that I am also very concerned at the prospect of having to keep detailed records of every employee who ever worked for the company even though he may have left 30 years before. To index all these records for inflation will be complex, time-consuming and expensive. To set arbitrary limits from time to time because inflation may have exceeded some preconceived "norm" will also be difficult.

I believe that the sheer adminstrative cost of this has not been adequately considered. If labour turnover is 20 per cent, i.e. the average length of service is five years, a major employer like ICI or GEC or BL could end up with records of 1.5m people instead of the 200,000 whom they currently employ.

There is a large number of employees and a small number of actuaries. Ultimately, the companies are going to bear all the expenses of whatever system is adopted. I believe that they should exercise their influence to ensure that the system selected suits their purposes and for the sake of simplicity so far as they are concerned, and as long as funded schemes are preferred, this should be the transfer of funds from one pension fund to the other.

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Pakistan election

From the Press Counsellor, Embassy of Pakistan.

Sir, — David Housego, in his analysis (July 26) of the Government of Pakistan's White Paper on the conduct of the General Elections in March 1977 maintained that it contains "little evidence to show that Mr. Bhutto had a direct hand in manipulating the final result" To support his "conclusion" he voices the doubt whether the "Larkana Plan" was prepared personally by Mr. Bhutto or was it "one of those windy documents drawn up by a sycophantic official." How can David Housego or anyone else have any doubt about its authorship when Mr. Bhutto, in his note with the document, reproduced in the White Paper, says "I have prepared a scheme for the elections both Central and Provincial for the district of Larkana"? In the light of this clear proof, one wonders whether David Housego's doubts are due to cynicism or bias or both.

In this analysis, David Housego has also jumped to the conclusion that, since the Inter-Services Intelligence, in association with the Intelligence Bureau, had given an assessment of the possibel election results, it raises the question what other activities did the Army carry out to further Mr. Bhutto's victory? The assessment of an Intelligence Agency does not mean its or the Army's involvement in any way with Mr. Bhutto's objective to win an overwhelming majority by means fair or foul. It only indicates that Mr. Bhutto was collecting political information through all the agencies. As the White Paper makes clear, he was at the same time using Government officials and public funds for ensuring the success of his party in the elections.

It is also interesting that while David Housego has quoted the Intelligence Report that Mr. Bhutto would win a majority of 22 seats, he has overlooked the People's Party's own pre-election assessment which gave the ruling party a total of only 95 seats, including the 22 captured without a contest, which would have meant an unacceptable defeat.

It is indeed significant that David Housego concedes that the White Paper "brings out the Machiavellian side of Mr. Bhutto's character," but tries to shift the blame on a "sycophantic official." This is peculiar logic!

M. Zubair Ali.
35, Lowndes Square, SW1.

Etymological oddity

From Mr. J. McNiven

Sir,—I have read that fiscal graffito which goes by the name of "Changes in company law." The boredom of reading this turgid prose was relieved only by the amusing feature relating to Welsh companies to be found in S.69(2)(c) of the draft Bill. I wonder how many of our Welsh friends will wish to see the status of their company specified as "Cyf"?

J. J. F. N. McNiven.
Dunton,
South Road,
Weybridge, Surrey.

Today's Events

GENERAL

Phase Three of pay policy ends.

Mr. Anthony Wedgwood Benn, Energy Secretary, discusses EEC Commission's intention to challenge several of Britain's North Sea policies with trade union representatives from the UK oil industry.

British Airports Authority seeks injunction which would restrain airlines from selling stand-by tickets at airports and oblige them to sell only to town ticket offices.

Hotel and Catering Industry Training Board publishes survey of the industry.

PARLIAMENTARY BUSINESS

House of Commons: Consideration of Lords amendments to Transport Bill. Motion on Drivers Hours (Harmonisation with Community Rules) Regulations, and on Community Road Transport Regulations. Scottish Orders.

House of Lords: Dividends Bill, committee and remaining stages.

COMPANY RESULTS

Coral Leisure Group (interim *figures only*). *Sterling Credit* (full-year).

COMPANY MEETINGS

See Week's Financial Diary on page 23.

MUSIC

German National Youth Orchestra, conductor Volker Wangenheim, soloist Georg Faust, in programme of Debussy (Le Martyre de Saint Sebastien); Haydn (Concerto for Orchestra and Cello in C); and Tchaikovsky (Symphony No. 6 Pathetique), Fairfield Halls, Croydon, 7.30 p.m.

EXHIBITIONS

Royal Academy summer exhibition, Burlington House, Piccadilly, W.1 (until August 13).

Henry Moore drawings, Tate Gallery, Millbank, S.W.1 (until August 28).

World Wildlife Fund/Kodak photographic exhibition depicting the Fund's work in Britain and abroad, Kodak Gallery, High Holborn, W.C.1 (until August 4).

Josiah Wedgwood exhibition, Science Museum, South Kensington, S.W.7 (until September 24).

Sir Gilbert Scott centenary exhibition, Victoria and Albert Museum, South Kensington, S.W.7 (until September 10).

SPORT

Cricket: First Test, England v New Zealand, The Oval. *Tennis:* British junior championships, Eastbourne. *Yachting:* Cowes Week.

COMPANY NEWS

Improvement continues at Renwick Group

THE IMPROVEMENT evident last year at the Renwick Group has continued into the current year, Mr. C. W. Wilton, the chairman, tells members in his annual report.

With the financial and trading bases largely reconstructed, the group would have every opportunity to prosper should there be a real and sustained period of national economic growth, says Mr. Wilton.

Due to the increase in working capital required to service the strong development in the manufacturing companies and to ease creditor pressure in freight, borrowings have not been reduced yet to the targeted levels.

Nevertheless some progress has been made and changes in trading patterns should improve this position during the current year.

For the year ended April 1, 1978, profits before tax increased from £470,000 to £1.04m on turnover of £43.61m against £38.41m. The dividend is 1p per 25p share (nil). It is also proposed to increase the authorised share capital by 2m ordinary shares.

Profits of Western Fuel Company, in which Renwick holds a 50 per cent interest, exceeded £1m, a record. The company has made a good start to the new year, the chairman says.

The chairman says the year's profit would have been materially greater if substantial losses had not been incurred again in freight activities, particularly on the international side. The Board took radical action in relation to the freight division when performance deteriorated again during the second half and the group had the resources available to withdraw from shipping and forwarding operations and from the Dutch transport company.

All remaining goodwill relating to the group's freight businesses has been written off as an extraordinary charge.

After doubling sales in the previous year, continued demand for all craft produced by Marine Projects, coupled with maximisation of production within existing facilities, resulted in a further increase of 65 per cent in turnover for the year. Exports to Western Europe continued to account for a high proportion of these sales.

A. H. Moody and Sons, which markets overseas the "Moody" range of sailing cruisers manufactured by us, has recently won the Queen's Award for Industry.

Currently a slackening is being experienced in some overseas markets but to date it has been possible to maintain production levels by increasing sales elsewhere. It is too early to foresee whether this situation will continue throughout the remainder of the year.

Devon Conversions will continue to manufacture Volkswagen motor caravans and buses and, to increase its share of the total market, vehicles from other manufacturers are being studied for suitability. However, the poor supply position presently encountered in the commercial vehicle market may cause delay in implementation of long-term plans, the chairman says.

In the motor division, a new Volkswagen/Audi franchise commenced in Truro, a BMW franchise commenced operating at the Hereford garage.

Reorganisation of the business at Newport has progressed well and further improvement is expected over the months ahead. Profits from commercial vehicle distribution at Plympton have not come up to expectations and a DAF franchise has been added to the existing Dodge to broaden the product range.

The freight sites at Bradford and Greenwich have been retained as UK transport, warehousing and distribution depots, which is the type of business on which all efforts of the fined down division are concentrated, to develop a profitable future.

New depot facilities are also in operation at Avonmouth to take advantage of increased business generated from recent development in that port.

Despite the reduction in size of this division and its ability now to concentrate on fulfilling its basic role free of extraneous activities, an adequate return on the capital employed cannot be regarded as immediately achieveable, the chairman states.

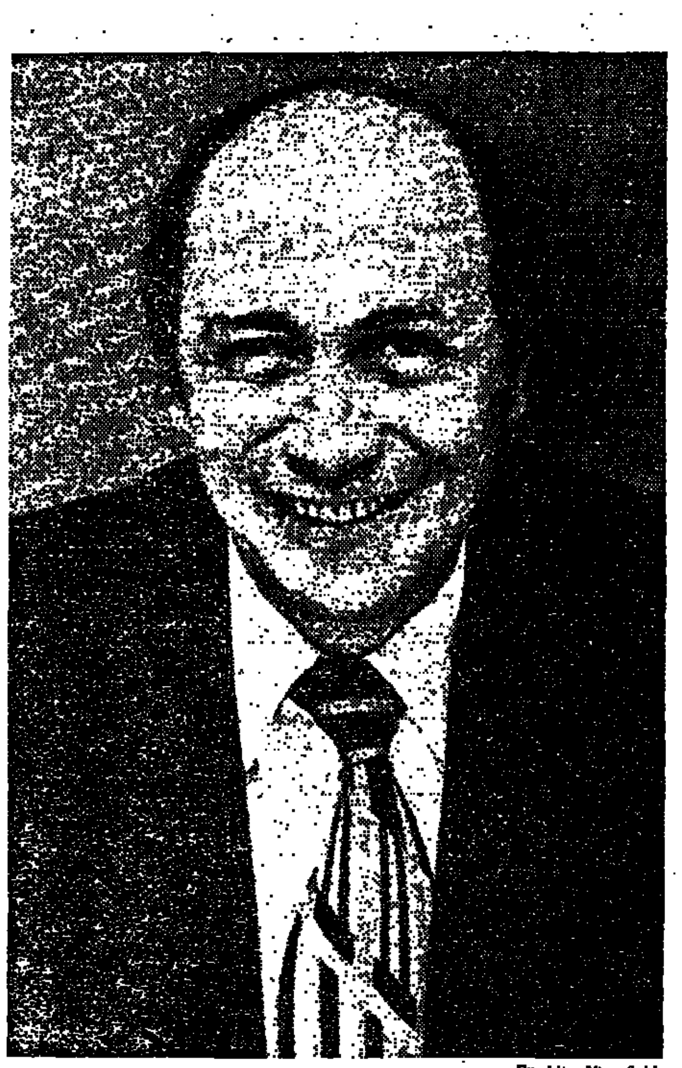
Meeting, Paignton, August 22 at 2.30 p.m.

Kellock scheme effective

The scheme of arrangement merging Kellock Holdings and Belgrave Assets was approved by the High Court on July 24 and became effective on the 27th. The securities of Kellock will be dealt in under rule 163(2) of the Stock Exchange from today.

The capital of Kellock now consists of 344,163 ordinary 10p shares, 317,822 11 per cent convertible irredeemable cumulative £1 preference shares 1993-98, and 420,644 convertible irredeemable subordinated variable rate unsecured loan stock of 10p each.

Unaudited interim profits of Kellock for the six months to June 30, 1978, were £69,114 (£86,797). Earnings per share were down to 9.16p (13.49p) or 2.28p (4.29p) diluted.



Freddie Mansfield

Mr. Nicholas Coral, chairman of Coral Leisure Group, who is expected today to announce the first half results.

Scot. Equitable extends pension range

The Scottish Equitable Life Assurance Society is extending its range of investment services to its pension fund clients by introducing a series of exempt managed funds operating through a newly formed subsidiary Scottish Equitalbe (Managed) Funds.

This new company will provide a comprehensive investment management service and if desired a pensions administration service for the larger employer who wants his pension scheme to participate directly in the investment performance of the underlying fund. This is achieved by purchasing units in a pooled fund, the value of which reflected the underlying market worth of the assets.

The company is offering three major funds, an equity, a property and a fixed interest for investment, together with a mixed fund which invests in the three main funds. Clients can make their own choice of investment mix, with or without advice from the company, or they can leave all investment decisions to the company by investing in the mixed fund.

Pension schemes can use the funds to invest only part of their portfolio, for example, use the property fund for property investment, and need not be existing clients of Scottish Equitable.

Scottish Equitable already offers investment management through its insured deposit administration pension fund contract SEF which has grown to over £50m since its launch in 1971.

Institutions invest less in shares

By Our Economics Staff

Purchase of UK company and overseas shares by financial institutions fell back during the first three months of this year from the high level at the end of 1977.

Official figures published this morning in the new issue of Financial Statistics show that pension funds and insurance companies bought a total of £562m of these securities in the January-March period, against £666m in the previous three months.

Pension funds remain the major purchaser, accounting for £364m of the first-quarter figure.

During 1977 as a whole, pension funds bought £1.42bn of UK company and overseas securities, while insurance company purchases were £686m. This compares with totals of £1.1bn and £261m respectively in the previous year.

The variations in the figures are partly explained by the state of the Stock Market and by the amount of new capital being raised by rights issues.

But even after adjusting for cyclical variations there has been an underlying rise in purchases of company securities by pension funds, though not by insurance companies.

For example, while the formers' purchases last year were more than double the 1972 figure, insurance company buying was a fifth lower.

SHARE STAKES

Hill Samuel Group—With the sale of 350,000 shares Sir Kenneth Keith, the chairman, has reduced his beneficial holding to 200,000 shares. The sale, which was made "to meet personal loan commitments," realised around £315,000.

Stag Furniture Holdings—J. D. Radford, director, and his wife have realised 52,663 10 per cent. cumulative preference shares at 97¾.

Scottish and Newcastle Breweries—A trust in which E. H. M. Clutterbuck has a non-beneficial interest has disposed of 29,000 shares.

Flexello Castors and Wheels—S. J. Menko on July 25 sold 3,000 shares reducing holding to 163,067 (4.93 per cent).

Roberts Adlard—Eagle Star Insurance has bought 23,500 shares increasing interest to 649,500 (27 per cent). Shares held by wholly-owned subsidiary Grovewood Securities.

Anchor Chemical — Lord Hewlet, director, has sold 50,000 shares.

Substantial rise for Friends' Provident

A substantial increase in new life and pensions business during the first six months of this year is reported by Friends' Provident Life Office, a leading mutual life company. New annual premiums for ordinary life and annuity policies rose by 70 per cent to £3.9m from £2.3m, with self employed pensions business being particularly buoyant. New premiums for group pension business and individual pension arrangements for executives were 20 per cent higher at £3.75m.

The worldwide new business figures for the company showed new annual premiums increased by £2.5m to £9.7m, while new single premiums nearly doubled to £4.6m. Much of this latter rise came from expanding immediate annuity business where the amount invested totalled £1.15m against £185,000 in the corresponding period last year. Business in Canada, however, was down on 1977, new annual premiums amounting to £580,000 against £750,000 in 1977.

Tesco considering special offer to shareholders

BY DAVID CHURCHILL

PROFITS IN excess of the record £30m pre-tax seen in 1976-77, are forecast for the current year at Tesco Stores (Holdings).

The directors are also investigating ways of increasing the return to members in light of dividend controls, Mr. Leslie Porter, the chairman, told the annual meeting. However, he thought a free issue of interest-bearing notes such as had been made by General Electric Company might prove too expensive for Tesco.

After a year of dramatic change when the group's decision to drop Green Shield stamps in favour of deeper discounting depressed profit to £28.56m, the company is well placed to return to its more familiar pattern of growth, he said.

"Operation Checkout" scheme which replaced the stamps activity had amounted to direct costs of £2m. In addition the sharp increase in sales, which were up 43 per cent in 1977/78, had created unprecedented demands on the group's distribution network. This had resulted in extra non-recurring costs of over £1m relating to the hire of transport and temporary warehouse accommodation, he explained.

Mr. Porter said the effect of discounting on profits had been "fully anticipated in our strategic plan."

At other annual meetings the chairmen report as follows:—

UKO International—Sir Ian Morrow, deputy chairman and managing director, said "for the first quarter sales both in ophthalmic and catering were ahead of last year, and profits were about the same.

Lindustries—Overall profit for the first quarter showed a satisfactory increase, said Mr. W. E. Luke. The improvement was coming mainly from engineering companies with the textile side less buoyant than it was a year ago. "Given a fair wind we should once again be able to show an increased profit at the end of the year."

Electronic Rentals Group — Mr. M. A. Fry, said that with three months' figures of the current year now available, he could confirm that a further substantial advance in results could be expected in the current year

A deal would be announced shortly in connection with the expansion of activities into Australasia. Benefits from this might not flow in the current year, but could be expected in the next and subsequent years.

Francis Parker: Mr. R. K. Francis said that trading results in first half had exceeded budgets and if continued in second six months should produce "meaningful" pre-tax profits for 1978.

Recently the company had sold, exchange or completed the sales of some £2.5m worth of land and a further £0.5m is currently under negotiation. He added that the continued effort in negotiating future land sales and re-deploying some of the proceeds would result in further improvement next year.

Jonas Woodhead and Sons—Mr. Ernest Simpson reported that the general level of demand was now slightly better than he expected, and estimated results for the first quarter to June 30, showed an improvement. Beyond that it was also possible that the group would improve on what was a satisfying profit figure for the first half of last year.

This profit target for the full year was in excess of last year's £4.95m and the company was poised to give this kind or result providing there was good sense in labour relations both from within and outside the company.

BRYCOURT INV.

The portfolio of Brycourt Investments at June 30, 1978, showed an unaudited value of about £8.42m, compared with £7.88m a year earlier. The attributable net asset value per £50p share was up from 112.5p to 120.3p.

Courts expand its property portfolio

FURTHER properties were purchaced by Courts (Furnishers) at favourable prices during the year to March 31, 1978, and these together with the existing portfolio have resulted in an estimated surplus over book value of £7.04m (£4.04m).

Mr. Edmund G. Cohen, chairman, says the bulding up of a strong balance-sheet is not considered in any way contrary to the efficient development of the group. In some cases a measure of short term profit is sacrificed for the long term good of the group, but this is just one example of the conservative policies which the directors follow and which help to ensure continued profitability.

Of the 109 stores currently trading worldwide, 60 are freehold and 49 leasehold. It is estimated that of the more than 1.2m square feet of net showroom area throughout the group, 0.74m square feet is freehold. Many of the leasehold properties are held on long leases and on favourable terms with infrequent, and sometimes without, rent reviews.

Certain other leaseholds overseas contain options to purchase the freehold at some future date at a pre-determined price. There are also many freehold and leasehold warehouses, a few shops owned but not operated by the group, and houses and flats in the UK and overseas which are included in the group's property assets.

In 1977/78 new stores were added in the UK at Truro, Clapham Junction and Mansfield, while the lease of the store at Richmond, Surrey was sold with completion in the current year. In Australia a store was acquired at Toowoomba, Queensland and since the year end a new store has successfully opened in Darwin.

For the year to March 31, 1978, as reported on June 30, taxable profits improved marginally from £4.87m to £4.89m. The directors described trading conditions as difficult for much of the year and in fact the second half did show a £170,000 downturn.

However, the chairman says that trading conditions in the UK and overseas so far in the current year have improved considerably and at this stage both sales and profits are ahead of those for the corresponding period.

Provided this trend continues the group should again be able to achieve satisfactory results, he adds.

The AGM of the company will be held at Crown House, Morden, Surrey on September 27 at 11 am.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Greencoat Properties.

Finals:—Anglo American Asphalt, D. F. Bevan, J. and J. Dyson, Sterling Credit.

FUTURE DATES

Interims:—

English and New York Trust ...... Aug. 1
Nottingham Manufacturing ...... Aug. 15
River and Mercantile Trust ...... Aug. 3
Vereeniging Refractories ...... Aug. 2

Finals:—

Cowan De Groot ...... Aug. 8
Gaunt (Rowland) ...... Aug. 2
James (John) ...... Aug. 3
Kennedy (Allan) ...... Aug. 3
R.F.D. ...... Aug. 2

FT Service–calculation of dividend cover

NOW THAT dividend controls have eased slightly, companies will be increasingly anxious to see if they qualify for the new dividend cover loophole.

So far the Treasury has indicated that it will not lay down any one method for calculating the cover but will instead concentrate on the accounts of each individual candidate.

In response to queries from many readers, it should be explained that the column headed "cover" in the Share Information Service of the Financial Times is worked out on a variable basis, depending on how much corporation tax a company pays.

The vital component in calculating dividend cover by the FT method is the cost of a company's dividend payment. Total payable is not just the net dividend (to shareholders) but also Advance Corporation Tax (currently 33 per cent) on that total, shown in the form of a tax credit to stockholders.

The company, meanwhile, is permitted to offset its ACT liability against Corporation Tax. The snag, insofar as it relates to cover, crops up when a company's corporation tax bill is less than the outstanding ACT.

In this case the balance is not recoverable, thus resulting in a higher payout from attributable profits than simply the net ordinary dividend total.

Companies like British Petroleum, with large overseas earnings, pay correspondingly only a little tax in the U.K.

In these cases the Financial Times calculates cover by using the gross dividend figure and adding back to net earnings the maximum amount of notional ACT recoverable from the Inland Revenue. Based on ACT of 33 per cent and Corporation Tax of 52 per cent, this will work out at 33/52nds of the company's total corporation tax liability.

Taking the example of Tube Investments in the year to December 31, 1977, earnings attributable amounted to £44.8m, the net dividend payout came to £11m while the total corporation tax payable was only £2.3m.

By adding £1.6m (total ACT recoverable) to attributable earnings, making a total of £46.4m, cover works out at 2.92 times based on the gross rather than the net dividend. This compares with a multiple of just over four if no adjustments are made.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest %	Interest payable	Minimum sum £	Life of bond Year
Barnsley Metro. (0226 203232)	11	½-year	250	5-7
Knowsley (051 548 6555)	11¾	½-year	1,000	5-7
Poole (02013 5151)	10¾	½-year	500	3
Poole (02013 5151)	11¼	½-year	500	6-7
Redbridge (01-478 3020)	11	½-year	200	5-7
Thurrock (0375 5122)	11½	½-year	300	4
Thurrock (0375 5122)	11	½-year	300	3

Pending dividends timetable

The dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. Dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year		Date	Announcement last year
Aaronson	Aug. 9	Int. 0.61	*Jo'burg Cons.	Sept. 7	Final 130 cents
*Acrow	Aug. 3	Final 1.016	*Kleinwort Benson	Sept. 28	Int. 1.65
Albright and Wilson	Aug. 18	Int. 2	Laird Group	Sept. 2	Int. 1.45
Assoc. Dairies	Aug. 25	Final 0.4235	Land Investors	Sept. 1	Final 1.6
*Ault and Wiborg	Aug. 9	Int. 0.88	*Lex Service	Aug. 18	Int. 1.386
Automotive Prods.	Aug. 11	Int. 1	Lon. Merchant Secs.	Sept. 8	Final 0.875
*Bibby (J.)	Aug. 11	Int. 2.5	London Utd.	Aug. 30	Int. 2.183
BICC	Sept. 8	Int. 2.25	Lonrho	Aug. 24	Int. 2.25
Blackwood Hodge	Sept. 6	Int. 0.9677 fcst.	Matthews Wrightson	Sept. 1	Int. 3.3187
Blue Circle	Aug. 23	Int. 2.59	Mercantile	Sept. 1	Int. 1.2289
Bowater	Sept. 8	Int. 3	*Nottingham Man.	Aug. 15	Int. 0.912
BET	Sept. 1	Final 3.625	Ocean Transpt.	Aug. 25	Int. 2.5667
British Petroleum	Sept. 2	Int. 6.981	Phoenix Assce.	Sept. 7	Int. 4.578
Cadbury Schweppes	Sept. 8	Int. 0.95	Prop. Security Inv.	Aug. 9	Final 1.4205
Carpets Int.	Sept. 7	Int. 1.65	Prov. Financl.	Sept. 6	Int. 1.4125
*Carrington Viyella	Aug. 9	Int. 0.26898	Pye Hldgs.	Sept. 1	Int. 1.225
*City Offices	Aug. 11	Int. 0.77	Reyrolles	Sept. 5	Int. 1.25
*Commercial Union	Aug. 17	Int. 2.564	*Royal Insce.	Aug. 17	Int. 6.412
Corah	Aug. 17	Int. 0.3	Securicor	Aug. 17	Int. 0.2065
Costain (R.)	Sept. 6	Final 6.6246	Sedgwick Forbes	Aug. 25	Int. 3.5
[illegible]	[illegible]	[illegible]	Slough Estates	Aug. 31	Int. 0.75
De Beers Cons.	Aug. 24	Int. 175 cents	Smith and Nephew	Aug. 3	Int. 0.791
Decca	Sept. 5	Final 7.65352	*Smith Bros.	Aug. 17	Final 2.41444 forecast
*Dixons Photo.	Aug. 2	Final 1.84	Sun Alliance	Sept. 7	Int. 10
*Gen. Accident	Aug. 9	Int. 3.75	Sunley (B.)	Aug. 4	Final 2.295
Glynwed	Aug. 18	Int. 2.45	*Transp. Dev.	Aug. 17	Int. 1.125
Guardian Royal Exchange	Sept. 7	Int. 4.235	Tube Investmts.	Aug. 17	Int. 9.229
Guinness Peat	Sept. 2	Final 6.452	Turner and Newall	Sept. 6	Int. 4
Hambros Tst.	July 21	Final 1.12	Union Corpn.	Sept. 6	Int. 12 cents
Haworth Ceramic	Sept. 7	Int. 3.55	Wagon Finance	Aug. 17	Int. 0.5
*Hoover	Aug. 31	Int. 3.61	Weir Group	Aug. 31	Int. 0.66
Hse. of Fraser	Aug. 19	Int. 1.56934	*Winter (T.)	Aug. 23	Int. 1.9
Howden (Alex)	Sept. 1	Int. 1.5	*Woolworth (F. W.)	Aug. 16	Int. 1.225
ICI	Sept. 1	Int. 9			
*James (John)	Aug. 3	Final 1.4925			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Public Works Loan Board rates

Effective from July 23

Years	Quota loans repaid ‡	by EIP†	At maturity§	Non-quota loans A* repaid ‡	by EIP†	At maturity§
Up to 5	11⅞	11⅞	11⅞	12⅜	12⅜	12⅜
Over 5, up to 10	11⅞	12	12⅛	12⅜	12½	13
Over 10, up to 15	12⅛	12¼	12½	12⅝	13	13¼
Over 15, up to 25	12⅜	12⅜	12⅝	12⅞	13⅛	13⅜
Over 25	12½	12½	12½	13	13⅛	13⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
75	F.P.	[illegible]	[illegible]	[illegible]	Brunsell (C.D.)	89	[illegible]	[illegible]	3.1	7.7	4.8
55	F.P.	[illegible]	[illegible]	[illegible]	Carters Superfoods	75	[illegible]	[illegible]	4.9	6.7	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Emrac	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.0	2.5	15.3
85	F.P.	[illegible]	[illegible]	[illegible]	Hunting Petr. Services	90	[illegible]	[illegible]	5.0	7.6	6.3
115	F.P.	[illegible]	[illegible]	[illegible]	Jones (Ernest)	[illegible]	[illegible]	[illegible]	2.1	5.9	12.2
134	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.3	8.7	7.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p.	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ||| Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

INTL. FINANCIAL AND COMPANY NEWS

TIA to bid for National Airlines

BY JOHN WYLES

NEW YORK, July 30.

TEXAS International Airlines (TIA) a regional carrier which has made an impressive recovery from near-bankruptcy six years ago, is pressing ahead with a bid to acquire full control of National Airlines, one of the world's top 25 carriers. On Friday National had a stock market value of around $225m.

The move has seemed on the cards for some time since Texas International disclosed earlier in the month that it had spent $14.4m acquiring 9.2 per cent of National's outstanding stock. Complying with federal aviation law, the regional airline has now asked for Civil Aeronautics Board approval to gain control of National. It said it would continue to buy National's shares in the market but would not acquire more than 25 per cent without CAB approval. All of its holdings would meantime be placed in a voting trust.

Texas International's strategy has drawn an immediate challenge from the CAB's Bureau of Consumer Protection which warns that purchase of more stock without the agency's approval would be a "knowing and wilful violation" of the Federal Aviation Act.

National's reaction at the weekend was as muted as it was when Texas International's first round of share purchases became known. The Florida-based airline had no comment and said that it had had no contracts with Texas International. But some sections of the airline industry expect it to resist any takeover by the smaller airline.

The CAB may also take a critical view because it is anxious to step up competition between airlines, and not to reduce it through contraction.

It has been actively promoting the cause of regional carriers and encouraging them to challenge trunk airlines like National, which is at the moment resisting an application by Texas International to offer competing services on routes out of Houston and New Orleans.

National's stock rose $1⅝ to $26⅞ on Friday when Texas International's plans were announced. This capitalises the airline at around $225m as compared with shareholders equity totalling $193.9m.

National has been struggling over the past couple of years to win back passengers lost through strikes in 1974 and 1975 and in the year ended June registered a 42 per cent increase in revenue passenger-miles.

Texas International recently reported a 114 per cent increase in second quarter net income to $3m (47 cents a share). Earlier this year the airline raised $27m through a new equity issue and through a debenture issue. It disclosed on Friday that it is planning a $25m convertible Debenture issue outside of the U.S.

Declining Swiss bank profits

BY OUR FINANCIAL STAFF

Lower profits for the first half of 1978 are reported by the Swiss Bank Corporation. Last week the Union Bank of Switzerland announced a similar deteriorating earnings pattern.

Together with Credit Suisse, the two banks make up the "big three" banking groups in Switzerland. Described as "satisfactory" in the circumstances, the overall operating profits of SBC are nonetheless lower and, like the UBS, the bank cites low interest margins plus the ban on sales of Swiss securities to non residents as the prime causes of the setback.

Since the end of 1977, total assets of the SBC have risen by 4¼ per cent to SwFr 58.24bn (US$ 32.4bn). Over at UBS the balance sheet total has barely moved in the six months, emerging at the end of June at SwFr 56.89bn against SwFr 56.12bn at end 1977.

SBC said business development in the first half was mixed reflecting the new monetary measures. Income from securities business was markedly lower following the ban on purchases of Swiss securities by foreigners, and this decline could "only be partly offset" by the active issuing business.

Interest business income was similar to the year ago level due to higher volume despite reduced interest margins. Costs showed a modest rise, but were still within the budget.

Customer deposits rose by SwFr 1.33bn to SwFr 32.62bn. Total lending to domestic and foreign customers increased by SwFr 378m to SwFr 21.28bn.

Last week the UBS reported that first half 1978 *income* was not only lower but below expectations. Detailing business development in the second quarter the bank said interest business income rose against the first quarter because of better money market yields, but the interest margin on credit business was "still under pressure."

Earnings on securities and issuing business were little changed but they were higher on foreign exchange and precious metals dealing costs were within budget.

Occidental Petroleum in the red

By Our Financial Staff

A DRAMATIC move into the red for the second quarter of 1978 is announced by Occidental Petroleum, the U.S.-based multinational oil group which is currently at the centre of a near $500m. bid battle for Husky Oil of Canada.

Occidental has returned a loss of $1.09 per share for the second quarter, against a profit a year ago of 49 cents. After a first-quarter surplus this means that the group has lost $0.75 a share for the opening six months of this year compared to a surplus of $0.66 for the first half of 1977.

Occidental's poor showing is part of a mixed but largely *deteriorating* batch of second results from the major U.S. oil companies. Last Friday Texaco reported a decline of a third in net earnings taking profits for the first half of this year down by 28 per cent.

Occidental has decided to write down by about $122m the book value of its European refining investments and has changed the company's accounting method of reporting oil and gas operations from "full cost to the successful efforts method."

The writedown results in losses on the new accounting basis of $68m for the second quarter and $35.9m for the first half.

Deutsche Bank for Far East

SINGAPORE, July 30.

DEUTSCHE BANK is to open a wholly-owned merchant bank in Singapore with a paid-up capital of S$25m (US$1.1m).

Mr. Wolfgang Mathey, the managing director of the Singapore subsidiary, said that the new bank, Deutsche Bank (Asia Credit) would commence operation on September 1.

The new bank, which has an authorised capital of S$50m, will include Asian dollar market business in its operations.

KBB share swap deal

BY CHARLES BATCHELOR

AMSTERDAM, July 30.

ROYAL BIJENKORF (KBB), the department store group, plans to carry out its acquisition of the privately-owned sports equipment retail chain, Sporthuis Centrum, by means of a share exchange.

Details have not yet been finalised but KBB will issue new shares to meet the expected cost of Fl 18m ($8m). The cost of the acquisition is low because KBB is taking over and continuing the existing financing arrangements at Sporthuis Centrum.

KBB will take over 11 stores and integrate them with its own Perry Van Der Kar sports equipment chain of 10 shops under the name Perry Sport. The deal will take effect on September 1.

The joint holding company which store group Vroom en Dreesmann (V and D) set up jointly with KBB to manage the 40 per cent stake V and D acquired in KBB recently will participate in the new share issue in proportion to its present holding.

Currency, Money and Gold Markets

Results of a weak dollar

BY COLIN MILLHAM

U.S. money supply figures continued to improve last week, taking some of the pressure off New York money rates. The Bank of England kept the U.K. Minimum Lending Rate at 10 per cent last Thursday, but may be encouraged by recent events in the U.S., with money supply showing a better trend for the second consecutive week.

If the U.S. Federal Reserve can now think twice about a further tightening of credit, then the UK authorities may also soon find an opportunity to reduce MLR from its present level of 10 per cent, which is well above the British rate of inflation at the moment.

Any reduction in interest rates will be very much against the grain however, when looked at in the context of international interest rates in general. Denmark reduced its discount rate by 1 per cent to 8 per cent recently as a result of a quite favourable economic situation, but two other members of the European currency snake have not found themselves as well placed, and have been forced to lift their discount rates. This reflects the strength of the German D-mark within the joint float agreement, with most of the pressure falling on the Belgian franc, which has sometimes fallen below its minimum permitted level.

Belgium raised its discount and Lombard rates to 6 per cent from 5½ per cent last Wednesday. Pressure had tended to ease slightly on the Belgian franc, but with the Netherlands Bank announcing a similar rise to 4½ per cent in its discount rate on Tuesday, the Belgian central bank probably decided that this could prove too much for the already weak franc.

Canada lifted its discount rate to 9 per cent from 8½ per cent on the same day as Belgium, and this appeared to be a move intended to keep pace with previous rises in U.S. rates.

An improvement in the U.S. trade figures for last month, relieved some of the upward pressure on rates, and any such continued trend would obviously be appreciated in Japan as well as Europe. The dollar fell below Y200 against the Japanese for the first time last week, and at the same time gold rose to a record level of over $200. The technicalities of the gold auctions, held by the U.S. authorities and the International Monetary Fund, have played a major part in the metal's rise, but concern about the U.S. economy leading to the weakness of the dollar, is another major factor.

CURRENCY MOVEMENTS

July 28	Bank of England Index	Morgan Guaranty changes %
Sterling	62.53	−40.5
U.S. dollar	84.85	−8.9
Canadian dollar	83.59	−13.8
Austrian schilling	138.72	+17.6
Belgian franc	109.55	+11.5
Danish kroner	113.94	+4.7
Deutsche Mark	139.78	+34.9
Swiss franc	[illegible]	[illegible]
Guilder	119.14	+17.2
French franc	[illegible]	[illegible]
Lira	55.98	−46.5
Yen	154.53	+52.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

GOLD

Gold Bullion (fine ounce)	July 28	July 27
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins, domestically: Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins, internationally: Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

THE DOLLAR-SPOT

July 28	Day's spread	Close
Canad'n $*	88.37-88.61	88.37-88.40
Guilder	2.2125-2.2195	2.2125-2.2140
Belgian Fr	32.23-32.33½	32.23-32.25
Danish Kr	5.5760-5.5925	5.5760-5.5780
D-Mark	[illegible]	[illegible]
Port. Es	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn. Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THE POUND SPOT

July 28	Bank rate %	Day's spread	Close
[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible].

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible]. 12-month [illegible].

OTHER MARKETS

July 28	£	$		£ Note Rates
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 28	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.925	[illegible]	366.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	0.519	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschemark	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen 1,000	[illegible]	[illegible]	[illegible]	1000.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc 10	[illegible]	[illegible]	[illegible]	[illegible]	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]
Italian Lira 1,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1000.	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]
Belgian Franc 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	100.

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]
GERMANY	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
FRANCE	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

LONDON MONEY RATES

July 28 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or 7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authority and finance houses seven days' notice, others seven days fixed. [illegible]

MINING NOTEBOOK

A bold idea for junior explorers

BY LODESTAR

FROM TIME to time the problems have been discussed in this column of the junior exploration companies the mineral finds made by which have been a vital contribution to the world mining industry in days gone by.

In recent times their activities have been curtailed by a number of factors not the least of which has been the difficulty of raising the necessary funds to finance *prospecting in these inflationary* days.

In fact the question has often been asked whether their existence is any longer necessary or even practicable. This column's answer has been in the affirmative as has been that of many of its readers though these have possibly been mainly from the ranks of those who have backed a winner or two.

Now there has been a remarkable development in Canada where such companies have proliferated in the past. An independent report made for the Ontario Ministry of Natural Resources has come up with the bold conclusion that a new junior exchange should be established on which the shares of such concerns should be traded, possibly in con*junction with the Toronto Stock* Exchange.

Both this report and a separate report which has been submitted from another source are in no doubt about the importance of junior explorers to Canada's mining future.

Another challenging proposal is that the Ontario Securities Commission should initiate a public education programme on the risks and potential rewards of speculative equity investment and should consider "novel approaches" to the raising of risk capital which reflect the particular circumstances of special investor groups.

It is reckoned that the speculative urge is still strong and needs a wide spread of outlets. I rather like the piece which says that the popularity of lottery tickets in Ontario "which offer speculative characteristics similar to the mining exploration venture, clearly indicates that speculative interest exists and has simply been channelled away from a historical form which contributed to the development of our natural resources."

The study cites the highly active speculative market in Vancouver as "further and even more direct evidence of the continuing social demand for speculative mining issues."

Platinum strong

It is concluded that significant steps are necessary to reverse the "almost complete destruction" in Ontario of the junior mining section which has been a "major contributor to the economic stimulation of this country and of Ontario in particular."

It will be interesting to see whether these reports make any impact on the provincial government or whether, like so many others, they will just gather dust on the bureaucratic shelves.

Any adoption of the junior share market suggestion would certainly mark a complete reversal of recent trends on many of the world's stock exchanges, notably that in Toronto, which in endeavouring to stamp out malpractices have at the same time succeeded in stifling the flow of what may betermed adventure capital.

The recent fresh leap in the free market platinum price, Friday afternoon's London "fix" was $264.50 an ounce, has brought up the question of whether Rustenburg will be tempted to raise its producer quote again from the current $240 to $250, a level which the big South African mine is for long believed to have set its eyes on as the target necessary to restore its operations to full financial health.

Trade sources consulted over the week-end were of the opinion *that Rustenburg, after the nerve*-wracking periods that have followed recent advances in its selling prices, would rather await completion of the summer lull in the northern hemisphere before making any fresh move.

It has been notable that Impala has cautiously lingered each time before following Rustenburg's initiatives.

It is thought that Russia is still short of exportable platinum although it is believed to have been feeding small quantities on to the market recently. It is not considered likely, however, that it will "come back with a bang" for a long time yet.

Apart from following the strength of gold, the latest outburst of speculative buying of platinum has been partly inspired *by an American broker's bullish*ness while there has also been some short covering by a Japanese trading house.

The big test will come this week when it will be seen whether Japanese consumers are prepared to pay the higher prices in order to augment their contract supplies obtained at $240. Much will also depend on whether gold furthers its break above $200.

Short-term, platinum dealers see a possible period of hesitancy but consider that on a six-month view the portents are for still higher values which Rustenburg will be only too eager to follow. The shares were 89p on Friday.

* * *

On June 26, when reporting here on a luncheon with Mr. Reg Hare, Metals Exploration chairman, at which he outlined the Australian company's endeavours to emerge from the shadows cast by the struggling Greenvale nickel operation in Queensland, it was mentioned that the latter was at least expecting a useful cash flow from its production of some 800 tons of cobalt per annum.

Since then the producer price *of the metal has been hoisted* afresh although still well below free market levels which have soared following the troubles in Zaire.

I now hear from Australia that Greenvale is planning to cash in on cobalt's new-found strength by moves to mine ore with a higher cobalt content with a view to expanding production to nearly *double the former rate. The June* quarter output was already up to 242,000 tons.

This will not solve all Greenvale's problems in view of the continued unsatisfactory prices for nickel, but it should help. Metals Ex. are 29p.

* * *

The battle to save Australia's Silver Valley Minerals from the hands of the receiver goes on. After the surprise withdrawal of the Bridge Oil bid, the latest would-be rescuer is a Singapore company International Shipholdings, which is giving financial aid even down to paying for the latest annual report and the cost of dispatching it.

Shipholdings' objective is a 25.7 per cent stake in Silver Valley and the fact that it is putting up funds for updating the feasibility study on the company's Mawson coal prospect in New South Wales shows where the attraction lies.

INSURANCE

Average may solve premium shortfall

BY OUR OWN CORRESPONDENT

"TODAY, a theft from a dwelling occurs every three minutes, a fire every nine minutes, and one personal policy in 10 produces a claim of some kind or another every year."

These are some of the unassailable facts of domestic household *insurance, quoted recently to the* London Insurance Institute by Ronald Reece, personal insurances manager of Sun Alliance and London.

Another unassailable fact is that all insurances providing household insurances have been, and are still, losing money—even ignoring the subsidence claims which have made such a dent in 1976 and 1977 and are still coming in this year.

The loss is partly due to the increasing incidence of claims, particularly theft claims, and the increasing cost of claims settlements due to continuing inflation.

Experience

Household insurance, like almost all property insurance, is underwritten and rated on a full value basis. So the failure of so many policyholders to keep up their sums insured means that there is too little premium going into insurers' funds, to meet the incidence of claims expected on past experience.

In these circumstances, rising claims incidence can only exacerbate the situation, and it is difficult for individual insurers to decide whether, and what increase in rates per cent is required. There is no way of determining the shortfall of premium due to underinsurance.

Within the company market, there are wide differences of *opinion—perhaps as many as* there are insurers—and this may explain why the average nettle has not been grasped market-wide.

But some companies are taking tentative steps down the "average" road.

Last summer, Sun Alliance led the way, with a campaign aimed at policyholders who had not increased their sums insured within the preceding two years.

Over the last year, other insurers have been taking similar if more limited action—and not all in the same direction. Some haste made the imposition of average relate to the refusal of index-linking for sums insured.

For example, I have just had passed to me two complementary *notices now going out to Norwich* Union's agents and policyholders.

Starting in October, Norwich Union is to make index linking compulsory for all home policyholders, both on building and contents.

The indices are those already in use for the company's policyholders recruited during the last year, and in wide use by insurers generally—the buildings housing cost index of the Royal Institute of Chartered Surveyors and the durable household goods section of the general Index of Retail Prices.

Policyholders are to be allowed to opt out of this index linking only on pain of these sums in*sured being made subject* to average.

Equity

One objection to this particular approach is that there is no guarantee that the initial sum insured of any index linked policyholder is adequate.

The result is that there can be no equity in the claims consequences for different policyholders.

Compare two neighbours—A who has contents worth £8,000, but starts off with a sum insured of £6,000 and accepts index linking, and B who also has contents worth £8,000, but fixes his sum insured at £7,000 and refuses index linking.

If both houses are burgled at the same time and each sustains a £1,000 loss, it seems that A's claims may be met in full (unless insurers argue about his misstatement of full value at the start of the year), while B's claim will automatically be cut by one-eighth.

Such comparisons suggest that there is really no half way house along the average road. If average is right for some, it surely must be right for all.

FT GROCERY INDEX

Basket costs less for first time since March launch

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE FIRST fall in the cost of the Financial Times Grocery basket since it was re-launched last March occurred this month. The grocery basket index, based on the surveys of 25 Financial Times shoppers in supermarkets throughout the U.K., fell by 1.8 per cent to 102.41.

This was mainly due to a sharp seasonal drop in fresh fruit and vegetable prices. But this reduction was balanced by small rises in most other sections, fresh meat for example.

The fall in fruit and vegetable prices—the total bill fell by almost £55 during July — came after prices had gone up steadily during the first six months of this year.

In July prices of new potatoes and tomatoes were down substantially, accounting for much of the fall in the fruit and vegetable bill.

New potatoes were selling at about 4p or 5p a pound, often little more than half their cost in the previous month.

Tomatoes showed more variation in price — at between 20p and 35p a pound — but most shoppers were paying more than 10p a pound less than in June.

Lettuce prices were also down in most cases to about 10p to 20p each.

Carrots were much cheaper, but cabbages and cauliflowers more expensive. In the fresh fruit section, apples were generally dearer.

The rise in the basket's meat bill—up by over £8—was due to higher prices for all cuts of lamb and topside.

At about £1.20 per pound, lamb should be cheaper in August, when more home-killed lamb comes on to the market.

The dairy bill also increased, due to rises of up to 12p per pound in butter prices. Sugar was dearer in many places surveyed, by between 1½p to 2½p for a 1 kilo bag. Coffee prices were generally stable.

Keen competition between the main supermarket chains kept most other grocery prices at a similar level to June. Frozen foods were slightly cheaper but this was balanced by a small rise in the price of canned goods.

Copies of the list used by the Financial Times shoppers are available from Miss Ingaret Eden, the Financial Times, Bracken House, Cannon Street, London, EC4.

THE FINANCIAL TIMES SHOPPING BASKET
JULY, 1978

	July £	June £
Dairy produce	474.28	471.57
Sugar, tea, coffee, soft drinks	183.41	179.42
Bread, flour, cereals	232.12	231.31
Preserves and dry groceries	86.90	84.33
Sauces and pickles	40.68	40.65
Canned goods	156.40	155.02
Frozen goods	181.43	182.60
Meat, bacon, etc. (fresh)	435.70	427.48
Fruit and vegetables	205.39	259.90
Non-foods	181.14	182.85
Total	2,177.45	2,215.13

Index for July: 102.41.

1978: March 100; April 101.77; May 103.11; June 104.18; July 102.41.

Call to cut phone bills

AN MP has called on the Post Office to reduce at least by half the £8.25 quarterly telephone rental charge for pensioners.

Mr. Walter Johnson (Lab., Derby South), has written to Sir William Barlow, chairman of the Post Office, urging him to do this "out of the huge profits they are now making."

He said: "For thousands of pensioners the telephone is their only contact with the outside world. Yet in many cases rental charge is the factor which prohibits pensioners from having a telephone.

"I agree that nationalised industries which make a profit plough some of it back into the industry. But the customer is also surely entitled to some of the benefit as well."

The sail and buy ship runs into EEC snags

BY PAUL TAYLOR

THE AQUAMART, a converted British Rail passenger ferry, whose future might be settled today, is a bold attempt by a group of anonymous businessmen to exploit the present confusion in Europe surrounding duty-free sales.

The original idea for the scheme involving a combination of cruise and shopping facilities was batched over a year ago.

In April, Channel Cruise Line, a Guernsey-registered company with £50,000 share capital, bought the Sarnia, a former British Rail 4,000-ton passenger ferry. In May the vessel was refitted at Grimsby.

The initial plan was to offer Belgian and French tourists and shoppers an alternative to cross-Channel shopping expeditions while also offering cruise facilities.

Mr. Frank Shaw, the company's operations manager, claims that Channel Cruise Line had already received written and verbal approval from the French and Belgian customs, immigration and port authorities for the venture.

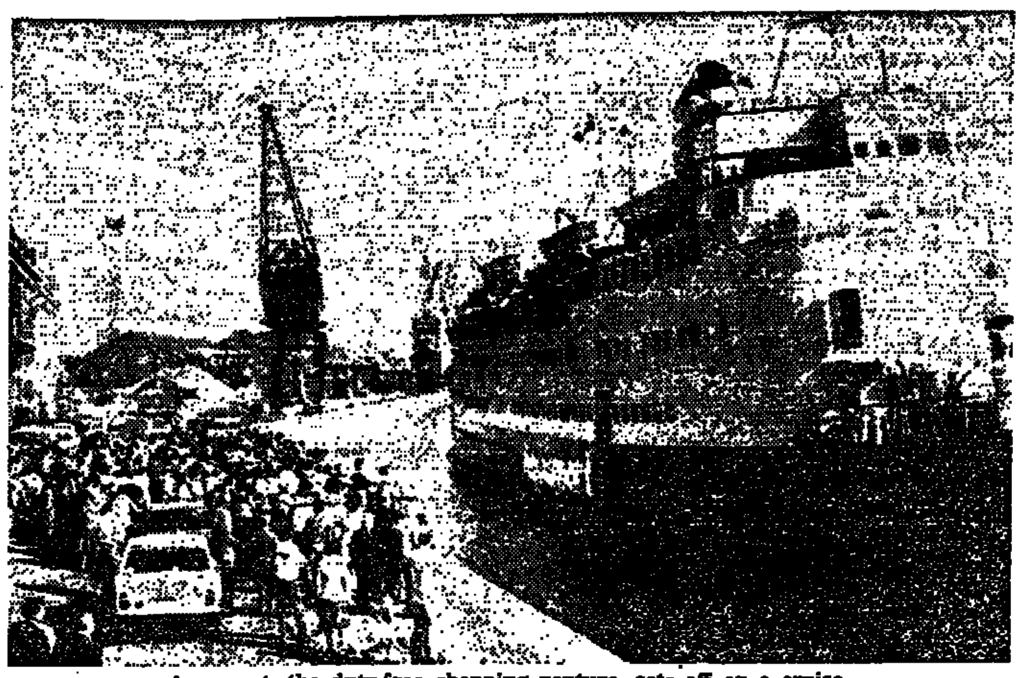
This approval was based on Channel Cruise Line seeking to sell British goods on board the vessel at UK shop prices but without Value Added Tax. ASSURANCE.

Assurances

EEC customs allowances are based on a two-tier system—one set of allowances for goods bought by EEC residents in an EEC country and imported VAT-paid into another: and a lower "third country allowance" for goods bought outside Europe or in duty-free travel shops on ships and planes or at airports and ports.

In the case of Belgium, the third country allowance is BFr 1,250 (about £20) and according to Mr. Shaw, Channel Cruise Line was given a written assurance that this allowance as a minimum would apply to goods bought on the Aquamart.

On this basis and with similar reassurances from the French Government, the company went ahead. On board Aquamart 8,000 out of the 38,000 sq ft of floor space was converted into shopping arcades selling everything from the traditional duty-freen wines, spirits and cigarettes to clothing, shoes, electrical goods, giftware and toys.



Aquamart, the duty-free shopping venture, sets off on a cruise.

Although no VAT is charged on these goods the prices are similar, if not higher, than UK shop prices because the company's aim for higher profit margins.

However, ten days before the Aquamart was due to set sail on its first voyage from Ostend to Dunkirk last Monday, the French authorities announced customs taxes of between 20-30 per cent on all goods bought on board in excess of FFr 140.

Two days before the sailing, the Belgian Government announced after discussions "at the highest level" similar customs duties, adding approximately 50p to the price of a pack of cigarettes, £3 on a litre of spirits, 25 per cent on electrical goods and 16 per cent on textiles.

The 800 passengers who boarded the vessel on the first voyage and all those who sailed later have been handed a sheet of paper detailing the Customs taxes which in most cases take the cost of goods bought on the vessel way above Belgian shop prices.

As a result, the shoppers have all but abandoned the Aquamart and crew confidence hit a low at the week-end when, faced with uncertainty and the additional problems caused by the Customs authorities, some members of the staff handed in their resignations.

Channel Cruise Line abandoned the initial plan to have two sailings a day from Ostend and now operates a single return sailing from Ostend to Dunkirk daily.

Urgent meetings with the French and Belgian authorities throughout last week have so far failed to resolve the conflict.

Official opposition in Belgium has been based on the vexed question of charging VAT on goods bought on the vessel.

Accordingly, the company last Friday offered a compromise which is understood to involve the charging of a low rate of VAT on the goods financed by a reduction in profit margins and an increase in ship prices.

Although the company believes the Belgian and French attitude contravenes both the spirit and the letter of EEC regulations, it knows that a legal case to resolve the conflict would take too long.

The EEC Commission joined the controversy over the Aquamart last week by issuing a statement saying that all gods bought on the vessel should conform with EEC regulations granting a franchise of 125 units of account (approximately £80) for purchases within the EEC.

There is an increasing uncertainty over the status of EEC directives and the discretionary element involved in duty free franchises.

Concern

While the EEC in 1969 issued an obscurely worded directive urging the abolition of duty free shops throughout the Community, these shops have continued to flourish.

Indeed, from March 1 the U.K. granted a new duty-free concession to operators on the air and ferry routes between Ireland and the U.K.

It has been suggested that Belgian and French response to the Aquamart operation is based on two main factors:

- A concern that if the Aquamart succeeds commercially similar duty free shopping ships will spring up around the Channel ports.
- A feeling that Channel Cruise Line has sought to exploit an undesirable loophole in Common Market tax regulation. The company reject both suggestions.

If Channel Cruise Line fails to persuade the Belgian authorities to modify their approach, it is likely that the Aquamart service will be withdrawn from Ostend.

Mr. Shaw said the company might soon consider whether, in the light of the Belgian opposition to the service, to begin operations between Flushing and Dunkirk.

He believes that if the company is forced to withdraw the service altogether it will have severe repercussions on duty-free operations throughout Europe.

Britons to help Panama improve sea safety

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

TWO SENIOR British marine engineers are to visit Panama, the flag of convenience country with one of world shipping's worst casualty records, as part of a plan by developed nations to use their expertise to improve sea safety standards outside their own countries.

The exchange is the first under the Marine Safety Corps arrangement accepted earlier this year after a UK initiative by IMCO, the United Nations maritime agency.

Sr. Roger Decerega, the Panamanian Ambassador to London, said after signing an agreement at the IMCO offices that the two engineers would spend their four-week exploratory visit advising the country's recently revamped maritime bureau on how it can improve worldwide surveillance of safety standards.

Dr. Jim Cowley, one of the engineers chosen and the Department of Trade's chief surveyor, said he would be basing his advice on the British system.

Panama has the seventh largest merchant fleet in the world. In the 1976 Lloyd's Register casualty figures it was shown as losing 1.4 per cent of its ships through accidents—the worst record that year.

According to the latest Lloyd's figures, 42 per cent of Panamanian-flag vessels are more than 15 years old.

COMPANY NOTICES

ART GALLERIES

ANNOUNCEMENTS

CLUBS

MOTOR CARS

APPOINTMENTS

International Energy Bank senior post

Mr. Chase Waring, previously of Morgan Guaranty Trust Company, New York, petroleum department, has been appointed a senior vice-president at INTERNATIONAL ENERGY BANK.

★

FIRESTONE TYRE AND RUBBER COMPANY. Mr. John J. Hines has been appointed treasurer/director for the UK. He replaces Mr. Kenneth P. Lord, who is returning to the U.S. Mr. Hines was previously controller of the Salinas California tyre plant.

★

Mr. K. B. Cox, general manager, treasurer, Midland Bank, has been appointed a director of MIDLAND BANK INDUSTRIAL EQUITY HOLDINGS, Midland Montagu Industrial Finance and Midland Industrial Investments.

★

Mr. Peter Coppack has been appointed managing director of GAS CONSULTANCY INTERNATIONAL PTY., in Perth, Western Australia, from August 7. Until his retirement in April this year, he was managing director of Shell International Gas.

★

Mr. H. K. FitzGerald, a director of Associated Fisheries has joined the Board of its principal subsidiary, BRITISH UNITED TRAWLERS. Mr. L. H. Swaine, secretary of British United Trawlers, has been appointed financial director.

★

Mr. Ray McNeice (44) has been appointed managing director of AIRFIX CRAYONNE after 23 years service with the company.

★

Mr. W. E. G. Manning has been made managing director of JOHN TANN SECURITY following the resignation of Mr. B. A. Evans. Mr. Manning will also assume the chairmanship of several subsidiaries, including John Tann, Stratford Safe Company and Ratner Safe Company. Mr. G. F. Heath has been appointed to the Board of John Tann Security as financial director and secretary.

★

Mr. Roland Sperryn-Jones has been appointed a director of Jardine d'Ambrumenil International. Mr. Sperryn-Jones is a former director of Hartley, Cooper and Co. and more recently a director of Christopher Moran and Co. Jardine d'Ambrumenil International is the international marine, aviation, construction, and overseas non-marine subsidiary of JARDINE MATHESON INSURANCE BROKERS.

★

Mr. C. J. Head, technical manager of CHIPMAN, has been appointed to the Board.

★

Mr. John Lenanton, who has been elected chairman of the TIMBER RESEARCH AND DEVELOPMENT ASSOCIATION, is managing director of John Lenanton and Sons.

★

Mr. Robert J. Moore has been appointed managing director of MATHER and PLATT. Previously managing director of the machinery group, he is now responsible for all UK activities including fire engineering, electrics and security. Mr. Albert E. Lambert has become managing director, fire protection division. Mr. Graham Sturt, previously company secretary, has joined the Board of Mather and Platt as financial director.

★

Mr. Michael Parkinson, chairman and chief executive of Crompton Parkinson, has been elected president for 1978/79 of the BRITISH ELECTRICAL and ALLIED MANUFACTURERS' ASSOCIATION. Mr. H. W. Jackson, a director of GEC Management, has been appointed deputy president of BEAMA.

★

Mr. E. Atkinson has become a director of Diamond Refractories and Mr. J. M. Thornton, a joint managing director of Dyson Refractories, subsidiaries of J. and J. Dyson.

★

Mr. D. M. Reid has been appointed finance director of BARGET.

★

Mr. J. D. Traynor has been appointed a director of GUINNESS MAHON and COMPANY. He is deputy chairman of Guinness and Mahon, its Dublin banking subsidiary.

★

Mr. Denton Y. Smith is to join the Board of BARR AND WALLACE ARNOLD TRUST from September 1. He is managing director of Data Sciences International, a subsidiary.

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WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Dundonian, Inst. of Chartered Accountants, E.C., 12
Estates and Agency, Connaught Rooms, Great Queen Street, W.C., 12
Property Partnerships, Hotel Norwich, Norwich, 12
Randalls, Clarendon Road, Boreham Wood, Herts., 12
Rowlinson Construction, London House, Reynton, Stockport, 12
Scotcros, Albany Hotel, Bothwell Street, Glasgow, 12
Whitecroft, Blackfriars House, Manchester, 12

BOARD MEETINGS—
Finals:
Anglo American Asphalt
Bevan (D. F.)
Dyson (J. and J.)
Sterling Credit
Interims:
Greencoat Props.

DIVIDEND & INTEREST PAYMENTS—
Allebone Ln. 3½pc (Conv.)
Alliance Prop. Db. 4¼pc
Alliance Trust Db. 2¾pc
Allied Polymer Ln. 5pc
Anglo Nordic Shipping Ln. 6¼pc
Aurora 4pc
Belgrave (Blackheath) 7pcPf. 4.9pc
Bentalls 5½pcPf. 1.925pc
Bishopsgate Trust 5pcPf. 1.75pc
Bollington Textile Printers 6pcPf. 2.1pc
Bolton Textile Mill Ln 2.9073p
Booth (Intl.) 1.75pc
Can. and National Trust 5pcPf. 2¼, 2½pc. Dbs. 1.4pc
Cardinal Invest. Trust 5pcPf. 4pc
Central Manufacturing and Trading Ln. Proposed repayment of 7pcDb.
Crane Fruehauf 1986-91 at par plus accrued interest
Croda Food Ingredients 8pcPf. 2.8pc
Davies and Newman 4.968882p
Decca Ln 3pc
Derby 13½pc Red. 1982 6¾pc
Drayton Commercial Invest. 4pcPf. 1.4pc. Dbs. 1½, 2, 2¼ and 2¾pc
Dykes (J.) 8pcPf. 2.8pc
Electra Invest. Trust Ord. 3.5p
Elswick-Hopper 0.5p
Essex Water 2.45pc (fmly. 3½pc) Pf. 1.225pc. 3.5pc (fmly. 5pc) Pf. 1.75pc. 3.15pc (fmly. 4½pc) Pf. 73-78 1.575pc. 3.5pc (fmly. 5pc) Pf. 80-81 1.75pc. 3.85pc (fmly. 5½pc) Pf. 81-83 1.925pc. 4.025pc (fmly. 5¾pc) Pf. 77-79 2.0125pc. 4.2pc (fmly. 6pc) Pf. 84-86 2.1pc
Fairclough Constr. Conversion of 8¼pc Cnv. Unsec.Ln. 90-95 into Ord. shares, or repayment at par plus accrued interest by 31/7
Gomme 5.4pcPf. 2.7pc
House of Fraser 5½pcPf. 1.925pc. 4½pc Pf. 1.575pc. 7½pcPf. 2.625pc
Lake and Elliot 6pcPf. 2.1pc
Leboff (S.) (Fobel) Ln. 4pc
M and G Inc. Fund Inc. Units 3.45p
Macallan-Glenlivet 8¾pcPf. 3.0625pc
McCorquodale 5.75p
MacDonald Martin Distillers 5½pcPf. 1.925pc
McKechnie Bros. 6pcPf. 2.1pc
Nash (J. F.) Secs. 5pcPf. 1.75pc
River Plate and General Invest. Trust Db. 2¼pc
Saker's Finance and Invest. 4.5 cts.
Sale Tilney 5pcPf. 1.75pc
Sceptros 2.4317p
Scottish American Invest. 0.9p
Smith and Nephew Assoc. 5½pcPf. 1.925pc
Tunnel Holdings B Ord. 7.6223p
Vaux Breweries Dbs. 3¼ and 3½pc
Warwick Engineering Invs. Ln. 5pc
Wassall (J. W.) 0.24p
Western Ground Rents Db. 2¾pc

TOMORROW

COMPANY MEETINGS—
Bristol Evening Post, Temple Way, Bristol, 12
London and Northern, Essex Hall, Essex Street, W.C., 3
Sutcliffe Speakman, Midland Hotel, Manchester, 12.30

BOARD MEETINGS—
Finals:
Arlington Motor
Dyson (J. and J.)
Hales Props.
Interims:
City Offices
English and New York Tst.
Sharpe (W. N.)
Smallshaw (R.) (Knitwear)
Westinghouse Brake and Signal

DIVIDEND & INTEREST PAYMENTS—
Alliance Invest. Db. 3pc.
Alnwick Var. Rate Bds. Red. 28/1/81 £3.8188
American Trust 5pcPf. 1.75pc
Aquascutum and Associated Companies 7½pcPf. 2.625pc
Arenson (A.) 0.69179p
Associated Fisheries Ln. 4¼pc
Atlas Assets Trust 5pcPf. 1.75pc
B9A 5pcPf 1.75pc
Birmingham 7¼pc Red. 80-82 3⅝pc. 9¼pc Red. 79-81 4⅝pc
Border and Southern Stockholders Trust 5pcPf. 1.75pc
Boston 7⅝pcBds. Red. 7/2/79 3 11/16pc
Braid 5pcPf. 1.75pc
Bristol Evening Post 3.67p
British Guiana 3pc 75-78 1½pc
Broadland 10½pcBds. Red. 27/1/82 5¼pc
Brook Street Bureau of Mayfair 8.031p
Bury 7⅜pcBds. Red. 7/2/79 3 11/16pc
Calderdale 9⅝pcBds. Red. 28/1/81 4 13/16pc
Caledonia Invs. Db. 3pc
City Investing 25 cts. Conv. Pf. 50 cts.
Cleveland 7⅜pcBds. Red. 7/2/79 3 11/16pc
Continental Illinois 33 cts
Corby 10½pcBds. Red. 27/1/82 5¼pc
Dacorum 7⅜pcBds. Red. 7/2/79 3 11/16pc
Daniell Breweries Db. 2¼pc
Debenhams 6½pcPf. 2.275pc. 7pcPf. 2.45pc
Dover Harbour Board 4¼pc2ndRed.Db. 78-93 2⅛pc
Dudley 9½pc Red. 79-81 4¾pc
East Cambridgeshire Var. Rate Bds. Red. 27/1/82 £3.8188
Edinburgh 7⅜pcBds. Red. 7/2/79 3 11/16pc
Edinburgh American Assets 4½pcPf. 1.575pc
Fenland 9pcBds. Red. 30/1/80 4½pc
Finlay (James) 1.04515p (2nd) (o/a yr. 1977)
Foreign and Colonial Invest. Trust Dbs. 2½ and 3¼pc
Grant Bros. 7½pcPf. 2.625pc
Great Ouse Water Authority 5¼pc Red. 86-88 2⅝pc
Greek 6pc Stabilisation and Refugee Stlg. Bds. 1928 (Assd. with Acceptance Cert.) 3pc
Hepworth (J.) 7pcAPf. 2.45pc. 10pcBPf. 3.5pc. 6pcPf. 2.1pc
Hertfordshire 6¾pc Red. 85-87 3⅜pc
Imperial Chemical Inds. 5pcPf. 1.75pc. Ln. 2¼pc
Industrial and General Trust Db. 2¼pc
Intl. Invest. Trust Db. 2½pc
Jamaica Public Services Db. 3¼pc
Lamont 0.3p
Lanark 7⅜pcBds. Red. 7/2/79 3 11/16pc
Lewis (John) 5pcPf. 1.75pc. 7pcPf. 2.45pc
Lewis (John) Props. Db. 2pc
Lincoln 13pc Red. 1980 6½pc
Lloyds and Scottish 1.7p
Manchester Var Rate 1881 3pc Red. 1941 1½pc
Metropolitan Police District 7⅜pcBds. Red. 7/2/79 3 11/16pc
Metropolitan Water Board New River 3pc Db. 1½pc
Newcastle and Gateshead Water Dbs. 2, 2½ (Cons.) 2½ (80-81) 3, 4, 5 and 6½pc
North Devon 7⅜pcBds. Red. 7/2/79 3 11/16pc
North East Lincolnshire Water Board 6½pc Red. 82-83 3¼pc
Outwich Invest. Trust 5pcPf. 1.75pc. 6pc Pf. 2.1pc. 7¾pcPf. 2.7125pc. Dbs. 5, 2¼, 2¼ and 3¼pc
Port of London Authority 5½pc 75-78 2¾pc
Romney Trust Db. 1½pc
Roxburgh Var. Rate Bds. Red. 26/1/83 £3.8188
Shell Transport and Trading 7pcPf. 2.45pc
Sidroy 7½pcPf. 2.625pc
South Wight 7⅜pcBds. Red. 7/2/79 3 11/16pc
Standard Trust Db. 2⅛pc (80-85)
Sutton District Water 7pc (fmly. 10pc) Ord. 3.5pc. 4.9pc (fmly. 7pc) Ord 2.45pc. 3.15pc (fmly. 4½pc) Pf. 1.575pc. 3.85pc (fmly. 5½pc) Red. Pf. 81-83 1.925pc
Swale 9⅝pcBds. Red. 28/1/81 4 13/16pc
Temple Bar Invest. Trust 7pcPf. 2.45pc
Union Intl. 10pcPf. 3.5pc
United States Db. 1.15p. 3.85pcPf. 1.925pc. Db. 2pc
Uruguay 3½pcBds. (Assd. Bds.) 1¾pc
Wakefield 7⅜pcBds. Red. 7/2/79 3 11/16pc
West Bromwich 5¼pc 77-79 2⅝pc
Witan Invest. 3½pcPf. 1.225pc. Db. 3½pc
Young Brewery 6pcPf. 2.1pc

WEDNESDAY, AUGUST 2

COMPANY MEETINGS—
Calor Gas, 2, Devonshire Square, E.C., 10.30
Eva Inds., Midland Hotel, Peter Street, Manchester, 11.45
Halma, Dorchester Hotel, W., 12
Imperial Continental Gas, 100, Old Broad Street, E.C., 11.30
Warnford Invest., 20, Aldermanbury, E.C., 3

BOARD MEETINGS—
Finals:
Acrow
Bollington Textile Printers
City of London Brewery and Inv. Tst.
Dixons Photographic
Gnome Photographic Prods.
RFD
Somportex
Waring and Gillow
Interims:
Canning (W.)
Gaunt (Rowland)
Vereeniging Refractories
Yeoman Inv. Tst.

DIVIDEND & INTEREST PAYMENTS—
Anglo-Transvaal Consolidated Invest. Ord. A 55.834902p. Pf. 31.01939p
Anglo-Transvaal Inds. 12.407756p
Boston 10pcBds. Red. 2/8/78 £5.1644
Congleton 11⅛pcBds. Red. 25/7/79 5 11/16pc
Crewe and Nantwich 10pcBds. Red. 2/8/78 £5.1644
Easington 13¼pcBds. Red. 21/7/78 6 9/16pc
East Lindsey 10pcBds. Red. 2/8/78 £5.1644
Eastern Transvaal Consolidated Mines 15.509695p
Erewash 10pcBds. Red. 2/8/78 £5.1644
Gwent 11⅜pcBds. Red. 25/7/79 5 11/16pc
Hackney 11⅜pcBds. Red. 25/7/79 5 11/16pc
Halton 11⅜pcBds. Red. 25/7/79 5 11/16pc
Harrogate 11⅜pcBds. Red. 25/7/79 5 11/16pc
Hartebeestfontein Gold Mining 108.567865p
Huntingdon and Peterborough County 9½pc 81-83 4¾pc
Inverclyde 10pcBds. Red. 2/8/78 £5.1644
Lothian 10pcBds. Red. 2/8/78 £5.1644
Medway 13⅜pcBds. Red. 21/7/82 6 9/16pc
Newport 10pcBds. Red. 2/8/78 £5.1644
North Hertfordshire 10pcBds. Red. 2/8/78 £5.1644
Orkney Islands 11⅜pcBds. Red. 25/7/79 5 11/16pc
Renfrew 10pcBds. Red. 2/8/78 £5.1644
Strathkelvin 10pcBds. Red. 2/8/78 £5.1644
Sutcliffe Speakman 1.0682p
Tameside 11⅜pcBds. Red. 25/7/79 5 11/16pc
Tranmay ka Cons 6p
Woodspring 10pcBds. Red. 2/8/78 £5.1644
Zandpan Gold Mining 18.30144p

THURSDAY, AUGUST 3

COMPANY MEETINGS—
Anglo-Indonesian, 37, Queen Street, E.C., 12
Anderson Strathclyde, Central Hotel, Glasgow, 12
Bradford Prop. Trust, Victoria Hotel, Bradford, West Yorkshire, 12
Christy Bros., 171, Broomfield Road, Chelmsford, 12
Chesterfield Props., Washington Hotel, W. Essex, 11
Chloride, London Hilton, Park Lane, W., 11.30
Cropper (James), Burneside Mills, Kendal, 12
MK Electric, Abercorn Rooms, E.C., 12
Fuller Smith and Turner, Griffin *Brewery*, Chiswick, 11.30
Pitman, Connaught Rooms, Great Queen Street, W.C., 11
Renold, Renold House, Wythenshawe, Manchester, 2.30
Valor, 4, Dowgate Hill, E.C., 12.15

BOARD MEETINGS—
Finals:
Austin (James) Steel
Best and May
Black (Peter)
Firth (G. M.) Metals
James (John)
Kennedy (Allan)
Malaysia Rubber
Midland Tst.
Ransom (Wm.)
Interims:
Adams and Gibbon
Hoover
Law Deb. Cpn.
River and Mercantile Tst.
Taco
Vantona
Witter (Thomas)

DIVIDEND & INTEREST PAYMENTS—
Arbuthnot Latham 6.25pc
Consolidated Bullfontein Mine 5 cts.
Fortnum and Mason Ord. 17.3p
Griqualand West Diamond Dutoitspan Mine 25 cts.
Guildford 12⅞pcBds. Red. 28/7/82 6 7/16pc
Invergordon Distillers 1.5554p
Killinghall Tin 50p
Newham 10⅝pcBds. Red. 1/8/79 5 5/16pc
Randfontein Estates Gold Mining 200 cts.
Stilfontein Gold Mining 16 cts.
West Rand Consolidated Mines 7½ cts.

FRIDAY, AUGUST 4

COMPANY MEETINGS—
Brickhouse Dudley, 225, Hagley Road, Birmingham, 12
British Dredging, Royal Hotel, St. Mary Street, Cardiff, 12
Ferguson Ind., Appleby Castle, Cumbria, 11.30
Radiant Metal Finishing, 69, Fairfield Road, E., 12.30
Scapa, Saxon Inn Hotel, Blackburn, 11.30
Smith (David S.), Kingsley Hotel, Bloomsbury Way, W.C., 12
Tecalemit, 77, London Wall, E.C., 12

BOARD MEETINGS—
Final:
Phoenix Timber

DIVIDEND & INTEREST PAYMENTS—
Amber Ind. 0.5446p
Anderson Strathclyde 1.832p
Anglo American Gold Inv. 100 cts.
Brown (Matthew) 1.1p
Brunner Invest. Trust Ord. 1.85p
Buffelsfontein Gold Mining 110 cts.
C.G.S.B. 0.44p
Comet Radiovision 1.31065p
Continental and Ind. Trust 4.15p
Folkestone and District Water 7pc (fmly. 10pc) Max. Ord. 3.5pc. 4.9pc (fmly. 7pc) Max. New Ord. 2.45pc. 3.5pc (fmly. 5pc) Max. Ord. 1.75pc
Henderson (J. and W.) 4.2713p and 4p
Jermyn Inv. 1.595315p
Mansfield Brewery 5.19p
Milbury 3.3p
Northern Goldsmiths 1.2369p
Radiant Metal Finishing 1.35p
Scottish Eastern Invest. Trust 2p
Tecalemit 3.6482p
Triplex Foundries 3.057p
W.G.I. 3.8p

Shelter attacks secrecy over council houses

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

LOCAL AUTHORITIES are allocating council houses in ways which are "secretive and open to corruption," according to Shelter, the housing action group.

An article in Roof, the group's magazine, claims that although it is generally recognised that council housing allocation policies need to be altered, there has been very little voluntary change over the past decade.

Last week, the Labour Party said that allocation policies should be based on "publicly available" criteria.

The article, however, suggests that one in five local authorities still refuses to make available any detailed information about its allocation scheme, while a further 11 per cent do not publish their scheme in any form and will only answer direct questions from applicants.

Of the authorities that did publish, one in four restricted the amount of information made available. The most usual omission concerned the operation of the points scheme, under which an applicant's eligibility is totted up according to their circumstances.

This week's business in Parliament

TODAY

COMMONS—Lords amendments to Transport Bill. Motions on Drivers' Hours (Harmonisation with Community Rules) Regulations and Community Road Transport Regulations. Scottish Orders.

LORDS—Dividends Bill, committee and remaining stages.

TOMORROW

COMMONS—Consolidated Fund (Appropriation) Bill.

LORDS—Transport Bill, consideration of Commons reasons. Parliamentary Pensions Bill, consideration of Commons reasons. Family Income Supplements (Computation) Regulations. Rateable Value Orders (Scotland). Valuation List (Second Postponement) Order.

SELECT COMMITTEES—Joint committee on Statutory Instruments, 4.15 pm, Room 4.

WEDNESDAY

COMMONS—Debate on Rhodesia.

LORDS—Consolidated Fund Bill. Royal Assents to Bills. House rises for summer recess until October 24.

THURSDAY

COMMONS—House meets at 11 am. Questions until noon. Adjournment debates until 5 pm. House adjourns for summer recess until October 24.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Aug. 2	Third National Sheep Demonstration	Kenilworth
Aug. 3—6	The Enterprise North East Exhibition	Aberdeen
Aug. 13—17	International Gifts Fair	Olympia
Aug. 22—24	Education and Communication Technology Exbn.	Holland Park School, W.8
Aug. 26—Sep. 2	International Motor Cycle Show	Earls Court
Sep. 3—7	International Watch and Jewellery Trade Fair	Earls Court
Sep. 3—7	Giftware and Fashion Accessories Trade Fair	Bristol Exhibition Centre
Sep. 5—7	Electronic Displays Exhibition	Mount Royal Hotel, London
Sep. 11—14	Electrical and Electronics Exhibition	Bristol Exhibition Centre
Sep. 17—20	Autumn Menswear Fair	Earls Court
Sep. 19—21	Firefighting and Prevention Exhibition	Eastbourne
Sep. 24—27	Menswear Association Exhibition	Harrogate
Sep. 24—27	International Garden and Leisure Exhibition	Nat. Exbn. Centre, Birmnghm.
Sep. 25—29	Furnaces, Refractories, Heat Treatment and Fuel Economy Exhibition and Symposium	Nat. Exbn. Centre, Birmnghm.
Sep. 26—28	Mailing Efficiency Exhibition	Bloomsbury Centre Hotel
Sep. 28	Petroleum Equipment Exhibition	Treetops Hotel, Aberdeen

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Fair (cl. Aug. 20)	Damascus
Current	16th Overseas Import Fair (cl. Sep. 3)	Berlin
Sep. 5—8	Third International Offshore North Sea Technology Conference and Exhibition	Stavanger
Sep. 3—5	Int. Hardware, Tools, Household Goods and Giftware Exhibition	Basle
Sep. 9—15	International Leather Week	Paris
Sep. 11—15	International Electra and Mining Exhibition	Johannesburg
Sep. 11—15	International Mining Exhibition	Belgrade
Sep. 12—15	International Congress and Exbn. on Data Processing	Berlin
Sep. 13—17	Int. Trade Exhibition for Home Improvements	Stuttgart
Sep. 19—22	Coffee Symposium and Trade Fair	Montreux
Sep. 22—25	Exhibition and Trade Fair of the Turkish Textile and Ready-to-Wear Industry	Basle
Sep. 24—27	Quojem: Hardware Trades Exhibition for retailers, wholesalers and manufacturers	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Aug. 7—11	Turkish Ministry of Foreign Affairs: Seminar on the new international economic order	Istanbul
Aug. 7—11	British Safety Council: Advanced Management Course	London
Aug. 14—16	Exeter University: Toxic Dust Problems in Industry	Exeter
Aug. 14—18	ABRAXAS: Synectics—Innovative Skills	68, Churchway, N.W.1
Aug. 21	British Institute of Management: Selection Interviewing—Theory and Practice	Parker Street, W.C.2
Aug. 29—Sep. 1	Institute of Personnel Management: Practical Negotiation Skills	Hemingford Grey, Cambs.
Aug. 30—31	Financial Times: World Aerospace	Royal Lancaster Hotel, W.2
Aug. 31—Sep. 1	Brit. Inst. of Management: Effective Speaking—Practice and Coaching using closed circuit TV	Parker Street, W.C.2
Sep. 3—7	Esomar: Value for Money in Market and Social Research	Bristol
Sep. 3—8	British Veterinary Association: Annual Congress	Lancaster
Sep. 4—5	Brunel Univ.: Ergonomics of Workplace Design	Uxbridge, Middlesex
Sep. 4—5	Local Authorities Management Services: Negotiating Skills	Leicester
Sep. 4—7	British Farmer and Stockbreeder: Outlook for the English Wine Growing Industry	Wye College, Kent
Sep. 4—8	Institute of Personnel Management: Work of the Personnel Department	Embassy Hotel, W.2
Sep. 4—8	BACIE: Techniques of Instruction, Part 1	Sackville Hotel, Hove
Sep. 5—6	Institute of Personnel Management: The Secretary in Personnel Management	Whites Hotel, W.2
Sep. 6	Brunel University: Noise in Industry	Uxbridge, Middlesex
Sep. 7—8	Brit. Inst. of Management: Management Accounting for Non-Financial Managers	Parker Street, W.C.2
Sep. 7—8	Brunel University: What is organisation development?	Uxbridge, Middlesex
Sep. 10—15	Inst. of Personnel Management: Advanced Interviewing and Assessment Skills	Oxford
Sep. 10—15	Bradford University: Practical Skills of Managing People at Work	Bradford
Sep. 11	Brit. Inst. of Management: Unfair Dismissal	Parker Street, W.C.2
Sep. 11—15	Abraxas: Synectics—Innovative Skills	68 Churchway, N.W.1
Sep. 11—15	Brunel University: Production Management and Human Behaviour: also — Workplace Negotiations	Uxbridge, Middlesex
Sep. 11—15	Inst. of Cost and Management Accountants Summer School: Achieving Productivity and Reward	Farnborough, Hants.
Sep. 11—29	Brit. Transport Staff College: Strategies in Passenger Transport—Present and Future	Farnborough, Hants.
Sep. 12	CAM Foundation: Selling Solutions—not just White Space	Daily Mirror, E.C.4
Sep. 12—14	Inst. Personnel Management: Manpower Planning	Whites Hotel, W.2
Sep. 13	Henley Centre: Background Forecasts for Corporate Plans and Budgets to 1983	Carlton Tower, S.W.1

CONTRACTS AND TENDERS

DISTRICT CONSORTIUM 'BRIANZA MILANESE AND EST MILANESE' FOR MUNICIPAL SOLID WASTES DISPOSAL

International tender for the design, construction and possible running in of a municipal solid wastes recovery and disposal unit.

This tender represents a formal invitation for Italian and foreign firms or pool of firms who intend to participate.

Bidders are invited to quote for design, construction, supply and possible management of one plant for recovery and disposal of solid wastes produced by the municipalities of the above consortium, according to the tender specifications and its enclosures.

Bids to be addressed to: Segreteria del Consorzio Brianza Milanese—via Palestro, 33—Seregno (Milano) within the tender closing date 12 a.m., October 31st, 1978.

Copies of the contract specification and its enclosures can be obtained from the Segreteria del Consorzio.

All requests should be in Italian.

A copy of the tender has been sent today to the Official Publication Office of CEE.

The Secretaries
Franco Gerosa
Nazario Carabini

The Chairmen:
Vigilio Sironi
Alessandro Cantu

GENERAL AUTHORITY FOR THE REHABILITATION OF GINNERIES (GARG)

Modernisation of the Ginning Industry in Egypt

Phase I of the modernisation of the Egyptian cotton ginning industry is a project financed jointly by the International Development Association (IDA) and the Saudi Fund for Development (SFD), part of which, the rehabilitation of six ginneries, requires the following:—

Fabrication and supply with an option for erection of about 2,600 tons of structural steelwork for framed buildings. A further option may be requested for associated roof and wall corrugated sheeting.

The steelwork is to be in accordance with the relevant British Standards or their equivalent. Detailed designs will be prepared by GARG's consulting engineers, L. H. Manderstam and Partners Ltd., London, but interested organisations may also offer their own equivalent design.

GARG invites interested organisations, from World Bank member countries and Switzerland, to furnish such details as may qualify them to bid for the supply of the above-mentioned material.

Details, which will include evidence of the successful completion of similar contracts, company status and any other relevant information, should be submitted to one of the following addresses by 15th September, 1978.

GARG
Borg El Thager Building
Rue Salia Zagloul
Alexandria
A.R. Egypt

or

L. H. Manderstam & Partners
35/37 Grosvenor Gardens
London SW1W 0BS
England

Qualifying companies will be notified at least two weeks in advance of the sale of bid documents, expected for second half of October.

REPUBLICA DE PANAMA
INSTITUTO DE RECURSOS HIDRAULICOS Y ELECTRIFICACION

NOTICE OF PRE-QUALIFICATION ANNOUNCEMENT

Be it known by this means that the Director General of the Instituto de Recursos Hidraulicos y Electrificacion of the Republic of Panama, for the purpose of pre-qualifying the list of firms who qualify for the Fortuna Project development, will accept pre-qualification applications at the Departamento de Proveeduria del Instituto de Recursos Hidraulicos y Electrificacion (IRHE's Procurement Department) offices located in Edificio Poli, Avenida Justo Arosemena and Calle 27 Este, in Panama City, Panama, until September 15, 1978, for Public Bid No. 535-79 pertaining to Civil Works 1 of the Fortuna Project, embracing the following:

1. Preparation of terrain and operation of quarry for construction of a Dam involving the following approximate excavation quantities:
   a. Common excavation: 1.5 million cubic metres;
   b. Rock excavation: 550,000 cubic metres.
2. Construction of cofferdam for closure of river flow, involving the following dimensions: 20 metres in height and an approximate volume of 60,000 cubic metres.
3. Construction of a lined diversion tunnel: 9 metres-diametre, horse-shoe section and 240 metres long.
4. Construction of a Rockfill Dam: 60 metres in height 500,000 cubic metres in volume, with upstream concrete face, ungated spillway and appurtenant works.

IRHE will welcome the participation of joint ventures in which local contracting firms may take part. However, this factor shall not be taken into consideration for bid evaluation purposes.

Firms who were previously accepted in the pre-qualification for the overall Fortuna Project Civil Works, and who desire to participate in the pre-qualification, are hereby notified that only the submittal of pertinent up-dated additional information will suffice for them to apply.

IRHE has obtained from the International Bank for Reconstruction and Development loan No. 1470-PAN, made up of various currencies and for an amount equivalent to FORTY-TWO MILLION U.S. DOLLARS (US$42,000,000), to contribute to the defraying of Fortuna Project cost. In accordance with World Bank regulations only those pre-qualification applications from Contractors established in World Bank member countries and Switzerland will be accepted.

IRHE intends to request bids from pre-qualified contractors for the works during the last quarter of 1978.

Instructions for pre-qualification of firms will be given separately upon receipt of application.

CAPITAL DEVELOPMENT AUTHORITY DODOMA - TANZANIA
INTEGRATED CONCRETE INDUSTRIES
PREREGISTRATION OF TENDERERS

The above Authority invites interested organisations to submit credentials for consideration for preregistration of tenderers for Phase II of the quarry and concrete products complex for Dodoma, Tanzania. Tenders will be called for mobile quarry plant, crushing plant, tile-making plant, pipe and vibrated products plant, bituminous roadstone plant and associated facilities.

Tenderers are required to have proven operational experience and they will be required to provide to the Authority operational and management assistance for a period of up to five years after commissioning.

Construction of the works is scheduled to be completed in mid-1980.

Submissions for preregistration must be received by August 14 1978, addressed to the Capital Development Authority c/o HRPL-CMPS Joint Venture Consultants at the Consultant's Head Office in Australia with copies to their Dodoma and UK addresses.

Interested organisations should make contact immediately to obtain further information and a questionnaire from:

HRPL-CMPS JOINT VENTURE CONSULTANTS

369 Royal Parade	9 Pickhurst Road	PO Box 811
Parkville Vic 3052	Chiddingfold	Dodoma
Australia	Surrey GU8 4TS, UK	Tanzania
Telex: AA30680		Telex: 53177
Tel: (03) 3471311	Tel: (042879) 3077	Tel: (061) 20421

Lembaga Letrik Negara Tanah Melayu

National Electricity Board of the States of Malaya

Bersia and Kenering Hydro-Electric Project

Electrical Equipment

TENDERS ARE INVITED FROM MANUFACTURERS FOR THE FOLLOWING:

CONTRACT No. 5734/21—TRANSFORMERS

This contract comprises the supply, delivery and erection of the following packages:

Package A—Bersia

1. Three (3) 22.5/30 MVA three-phase 50 Hz, 295 kV, 1,050 kV BIL ONAN/ONAF oil immersed, forced air cooled generating unit transformers.
2. Nine (9) 288 kV station class lightning arresters (surge diverters) for mounting on power transformer as in (1) above.

Package B—Kenering

1. Three (3) 37.5/50 MVA three-phase 50 Hz, 295 kV, 1,050 kV BIL ONAN/ONAF oil immersed, forced air cooled generating unit transformers.
2. Nine (9) 288 kV station class lightning arresters (surge diverters) for mounting on *power transformers as in (1) above.*

Tenders will be accepted for each Package separately or both Packages as one Contract. Tenderers shall be manufacturers or consortia of manufacturers of the items described, and should have had previous experience in the design and manufacture of equipment having the characteristics described.

Full details of manufacturers' experience and their technical and financial competence must be forwarded with their application not later than September 1, 1978, to:

Project Manager
Bersia and Kenering Hydro-Electric Project
The Shawinigan Engineering Company Ltd.
620 Dorchester Blvd. West
Montreal, Quebec, Canada H3B 1N8

with copy to:

Project Engineer
Bersia and Kenering Hydro-Electric Project
Hydro-Electric Division
4th Floor, National Electricity Board
129 Jalan Bangsar
P.O. Box 1003
Kuala Lumpur, Malaysia

accompanied by a documentation fee of US$250, international bank draft or money order, payable to LEMBAGA LETRIK NEGARA TANAH MELAYU.

Tender Documents will be issued by:

Project Manager
Bersia and Kenering Hydro-Electric Project
The Shawinigan Engineering Company Ltd.
620 Dorchester Blvd. West
Montreal, Quebec, Canada H3B 1N8.

The document fee will be refunded only to applicants not issued the tender documents.

Tenders shall be delivered at the head office of LEMBAGA LETRIK NEGARA TANAH MELAYU, 129 Jalan Bangsar, Kuala Lumpur, Malaysia, on the dates indicated below, but the exact date and place for submission of tenders will be specified in the tender documents.

LEMBAGA LETRIK NEGARA is not bound to accept any application or to accept the lowest or any tender. LEMBAGA LETRIK NEGARA is not liable for costs incurred by tenderers in preparing tenders.

Document Issue: About October 1, 1978.

Tender Due: About February 1, 1979.

OVERSEAS MARKETS

INTERNATIONAL MARKETS

BY FRANCIS GHILES

Uncertainty remains the keynote

UNCERTAINTY remained the keynote of the international bond market last week. Hopes of a recovery which had arisen the week before did not materialise despite the sharp upward move in prices in the dollar sector on Friday morning.

A series of factors conspired to push prices up in the dollar sector on Friday morning but after increasing by as much as three quarters of a point in some cases names ended the day where they had started. The U.S. money supply figures were good, the Chairman of the Federal Reserve, William Miller had suggested that interest rates might soon peak out (rates on six month dollars did fall between last Thursday and Friday from 9¼ to 8⁷⁄₈) while the OECD in its six-monthly Economic Outlook said that if the commitments made by the major industrial nations at the Bonn summit were implemented greater stability of major currencies would ensue.

However, by the end of the morning some of the enthusiasm had evaporated. The dollar reached record lows against the yen and the Swiss franc. In the bond market, short covering, prompted by this being the end of the month gave way to profit taking and prices fell back to their opening levels. Most of the trading was professional, as it had been throughout the week.

The increase in the price of gold to over $200 an ounce on Friday afternoon was symbolic of this renewed uncertainty: the rush into gold is traditionally a fair barometer of investors' lack of confidence in other instruments of investment.

One new convertible issue for Coca Cola Bottling Company and a floating rate serial note for Panama (which will pay an interest rate of 1 per cent above LIBOR) were the only new issues last week in the dollar sector of the Eurobond market.

A $30m three-year floating rate certificate of deposit from Bank of Tokyo is expected this week.

In New York a new Yankee bond was announced for the Export Development Corpoartion of Canada.

The most interesting development in New York however was the final pricing of the Citicorp floating rate issue. This clearly went much less well than its sponsors hoped at the beginning of the offering period and the size was cut and the terms amended from the minimum levels indicated to make it more attractive to investors. The amount was cut from the $250m originally scheduled to $200m.

As originally specified, the terms were fixed in advance for the last ten years of the 20-year final maturity but left open for the first ten years with indications of minimums being given. The minimum for the margin in the early half of the issue's life was indicated at 100 basis points while it was stated that the lowest level the minimum rate would be set at would be 7 per cent.

In the event the minimum rate was set at 7½ per cent for the first five years and 7 per cent for the next five while the margin to be paid over the Treasury bill yield equivalent was set at 120 basis points for the first five years and 100 for the next five.

The Deutschemark sector continued to fare badly last week and the new issue calendar has been restricted. The size of West German Government deficit financing continues to unsettle the domestic bond market which was again heavily supported by the Bundesbank last week. The Central Capital Markets Committee has halted any new domestic bond issues for the time being: it is scheduled to meet again on September 12.

Conditions on the German domestic market were more stable on Monday and Friday but the Bundesbank was still forced to take up DM 0.5bn in paper last week. This means that the central bank has been "in the market" for DM 3bn in just three weeks trading—easily a record for such a short period.

There were signs on Friday that markets may have begun to find a new level: dealers were hoping that yields of 7 per cent for ten year mortgage bonds would prove a physcological sticking point since real returns are now at something of a peak level. For their part, the issuing authorities were clearly at pains to assure markets that any new found confidence would not be unsettled by new issues.

Apart from a private placement for U.S. Uniroyal and a straight bond for Nippon Steel, a DM 65m issue was expected early this week for Mitsubishi Petrochemicals. The indicated coupon for this five-year bond is expected to be 5¾ per cent with a five-year maturity. It will be arranged by Westdeutsche Landesbank.

The recent weakness of the DM sector seems to have prompted the Central Capital Markets Sub Committee to decide that all bonds and private placements for South African borrowers in excess of DM 20m, be they for short maturities, should be agreed in advance and included in the monthly calendar of new issues. This should help ensure a more steady market

Reuter reports from Tokyo that the Goverments of Finland and Mexico and Companhia Energetica de Sao Paulo are planning to float Yen denominated bonds in the Japanese capital market in October. The size of these issues has yet to be decided, pending developments in the primary and secondary markets for Yen denominated issues by foreign borrowers. The uncertainty of the Yen-Dollar exchange rate is also a matter of concern.

The Mexican Government postponed an issue originally scheduled last June in view of market conditions. The only Yen denominated bond expected before October is a Y50bn offering from New Zealand which decided recently to postpone for a few weeks the originally planned signing date of August 15.

CURRENT EUROBOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡†Banque Ext. d'Algerie	35	1984	¶	8¾‖	100	First Boston (Europe)	8.55‖
‡†Standard Chartered	100	1990	12	5½‖	100	EBC, Schroders Morg. Stan.	5.58‖
‡†Alahali Bank	25	1983	5	5½‖	100	West LB	5.58‖
‡†Charterhouse Japhet	10	1985	7	6‖	100	EBC	6.09‖
§Coca Cola Bottling	25	1993		6¾	*	Blyth Eastman Dillon	*
†Panama	50	1992	7.72	7‖	*	Dillon Read Overseas	*
††Exp. Dev. Corp. Canada	125	1983	—	—	—	Salomon Bros., Wood Gundy	*
D-MARKS							
‡Norges Kommunalbank	100	1990	8	6	100	West Lb	6
‡§All Nippon Airways	100	1988	—	3½	100	Deutsche Bnak	3.5
‡World Bank	200	1984	6	5¾	99½	Deutsche Bank	5.85
‡World Bank	200	1988	10	6	98	Deutsche Bank	6.28
Chase Manhattan	100	1993	10.75	6	*	West LB	*
**US Rubber Uniroyal	35	1984	—	5.75	99	BHF Bank	5.95
Nippon Steel (g'teed Ind. Bk. of Japan)	100	1985	7	5½	*	Deutsche Bank	*
YEN							
World Bank	75bn	1993	12.3	6½	100	Nomura	6.61
SWISS FRANCS							
‡Gen. Zentralbank	100	1993	n.a.	4½	99½	UBS	4.55
‡Eurotom	80	1983	n.a.	4¼	100	Credit Suisse	4.25
Denmark	1000	1990	n.a.	4½	100	UBS	4.50

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ‖ Minimum. § Convertible
†† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund.
Note: Yields are calculated on AIBD basis

BONDTRADE INDEX AND YIELD

	July 28		July 21		1978 High		1978 Low	
Medium term	99.05	8.08	99.10	8.07	99.84	(19/4)	98.96	(29/6)
Long term	92.81	8.76	92.79	8.76	94.07	(12/4)	92.50	(29/6)

EUROBOND TURNOVER
(nominal value in $m)

	U.S. dollar bonds last week	U.S. dollar bonds previous week	Other bonds last week	Other bonds previous week
Euroclear	1,773.8	918.1	240.4	158.2
Cedel	601.9	343.6	197.5	199.0

Indices

NEW YORK —DOW JONES

[illegible]

N.Y.S.E. ALL COMMON

July 28	July 27	July 26	July 25	1978 High	1978 Low
56.16	55.90	56.61	55.27	56.20 (8.8)	48.37 (6.3)

Rises and Falls

	July 28	July 27	July 26
Issues traded	1,881	1,887	1,887
Rises	960	1,003	981
Falls	537	497	472
Unchanged	384	387	434
New Highs	144	121	118
New Lows	10	8	16

MONTREAL

[illegible]

STANDARD AND POORS

[illegible]

FRIDAY'S ACTIVE STOCKS

[illegible]

NEW YORK

[illegible]

GERMANY ◆

July 28	Price DM.	+ or —	Div. %	Yld. %
AEG	80.3	—0.2	—	—
Allianz Versich.	479	+2	31.2	3.3
BMW	268.5	+4.5	28.0	5.2
BASF	135.4	—0.2	18.76	6.9
Bayer	139.7	—0.8	18.75	6.7

[illegible]

CANADA

[illegible]

JOHANNESBURG

MINES

July 28	Rand	+ or —
Anglo American Corpn.	6.09	+0.13
Charter Consolidated	3.60	
East Driefontein	14.10	+0.60
Elsburg	2.40	+0.20
Harmony	7.30	+0.10
Kinross	7.83	+0.25
Kloof	11.40	+0.40
Rustenburg Platinum	1.62	+0.12
St. Helena	16.20	+0.35

[illegible]

INDUSTRIALS

[illegible]

Securities Rand U.S.$0.72
(Discount of 37.4%)

AMSTERDAM

[illegible]

COPENHAGEN ◆

[illegible]

STOCKHOLM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

AUSTRALIA

July 28	Aust. $	+ or —
ACMIL (25 cents)	†0.66	+0.01
Acrow Australia	†0.87	—0.01
Allied Mng. Trdg. Inds. $1	†2.20	+0.05
Ampol Exploration	†1.55	+0.05
Ampol Petroleum	†0.86	......
Assoc. Minerals	†1.30	......
Assoc. Pulp Paper $1	†1.25	......

[illegible]

TOKYO ¶

[illegible]

Source Nikko Securities, Tokyo

SWITZERLAND ◆

[illegible]

MILAN

[illegible]

PARIS

July 28	Price Frs.	+ or —	Div. Frs.	Yld. %
Rente 4½	737.0	—3.5	4½	0.6
Afrique Occid't'e	451	—4	21.15	4.7
Air Liquide	338	+4	16.5	4.9
Aquitaine	576	—4	26.25	4.6
BIC	522	+25	15.15	2.7
Bouygues	685	—10	42	4.8
B.S.N. Gervais	550	+10	40.5	7.4
Carrefour	1,725	—10	75	4.4

[illegible]

VIENNA

[illegible]

BRAZIL

[illegible]

Turnover: Cr 97.2m. Volume: 30.8m.
Source: Rio de Janeiro SE.

OSLO

[illegible]

SPAIN ▼

[illegible]

HONG KONG

[illegible]

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax. [illegible]

INSURANCE, PROPERTY BONDS

Commercial Union Group
St. Helen's, 1, Undershaft, EC3. 01-283 7500

VrAnAcUt July 29		56.75	+2.61	—
Do Annuity Uts		19.05		—

Confederation Life Insurance Co.
50, Chancery Lane WC2A 1HE 01-242 0282

Equity Fund	152.6	160.2		—
Managed Fund	177.7	186.5		—
SP Fund		375.4		—
Personal Pen Mngd.	72.6	76.2		—
Group Mngd Pen		184.0		—
Fixed Int. Pen		106.7		—
Equity Pension		224.0		—
Property Pension		139.6		—

Cornhill Insurance Co. Ltd.
32, Cornhill, E.C.3. 01-626 5410

Cap. Feb Aug. 15	126.0	—		—
Spec. Aug. 15	52.5	—		—
GthFd July 20	175.0	182.5		—

Credit & Commerce Insurance
120, Regent St., London W1R 5FE 01-439 7081
C&C Mngd. Fd. | 122.0 | 132.0 | | —

Crown Life Assurance Co. Ltd.♥
Crown Life Hse., Woking, GU21 1XW 04862 5033

Mang'd Fund Acc	104.7	110.2	+0.7	—
Mang'd Fd Incm.	104.7	110.2	+0.7	6.60
Mang'd Fd Init	104.0	109.4	+0.8	—
Equity Fd Acc	99.3	104.5		—
Equity Fd Incm	99.5	104.5		8.26
Equity Fd Init	99.1	104.5		—
Property Fd Acc	96.2	101.2		—
Property Fd. Incm.	96.2	101.2		9.57
Property Fd Init	95.7	100.7	+0.1	—
Inv. Tst. Fd Acc	106.3	111.8	+1.1	—
Inv. Tst. Fd Incm	106.3	111.8	+1.4	5.73
Inv. Tst. Fd Init	105.7	111.3	+1.3	—
Fixed Int. Fd. Acc	98.3	103.4	+0.1	—
Fxd. Int. Fd. Incm	98.3	103.4	+0.1	12.64
Int'l Fd Acc	116.5	122.6	+0.7	—
Int'l Fd Incm.	116.5	122.6	+0.7	5.72
Money Fd Acc	96.3	101.3		—
Money Fd Incm.	96.3	101.3		8.75
Dist. Fd Incm.	105.4	110.9	+0.1	8.33
Crown Bri. Inv. 'A'	155.3	—		—

Crusader Insurance Co. Ltd.
Vincula House, Tower Pl., EC3. 01-626 8031
Gth. Prop. July 4 | 70.9 | 80.4 | | —

Eagle Star Insur/Midland Ass.
1, Threadneedle St., EC2. 01-588 1212
Eagle/Mid. Units | 53.6 | 55.6 | +0.4 | 6.07

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe 0494 33377

Equity Fd.	117.1	123.2	+2.5	—
Property Fd.	106.8	112.3		—
Fixed Interest F.	109.5	115.3	+0.2	—
Gtd. Deposit Fd.	99.4	104.6		—
Mixed Fd.	112.2	118.1	+0.6	—

Lloyds Life Assurance
20, Clifton St., EC2A 4MX

Mlt. Gth. July 6		1.29756		—
Opt 5'A' Prp. Jly 27	125.4	132.0		—
Opt 5'A' Eqt. Jly 27	134.0	141.1		—
Opt 5'A' H. Yd. Jly 27	156.5	164.8		—
Opt 5'A' Man. Jly 27	150.5	158.5		—
Opt 5'A' Dpt. Jly 27	122.0	128.5		—

London Indemnity & Gnl. Ins. Co. Ltd.
18-20, The Forbury, Reading 583511.

Money Manager	34.3	36.9		—
M.M. Flexible	30.5	32.2		—
Fixed Interest	34.3	36.2		—

The London & Manchester Ass. Gp.♥
Winslade Park, Exeter. 0392-52155

Cap. Growth Fund	232.7	+5.3	—
♦Flex. Exempt Fd	135.7	+1.7	—
♦Exempt Prop. Fd.	90.9	+0.9	—
♦Exmpt. Inv. Tst. Fd.	157.9	+4.4	—
Flexible Fund	118.5	+3.4	—
Inv. Trust Fund	144.7	+3.1	—
Property Fund	83.3	+0.3	—

M & G Group♥
Three Quays, Tower Hill EC3R 6BQ 01-626 4588

Pers. Pension***		239.9	+5.6	—
Conv. Deposit*	118.5	124.5		—
Equity Bond**	141.6	148.8		—
Family 79-80**	165.5	—		—
Family 81-86**	190.6	—		—
Gilt Bond**	106.8	112.3	+0.4	—
International Bond**	105.0	110.4		—
Managed Bd***	142.2	149.6	+2.4	—
Property Bd**	159.3	167.4		—
Ex. Yield Fd. Bd.*	82.9	87.2		—
Recovery Fd. Bd.*	64.1	67.4		—
American Fd. Bd.*	52.7	55.4		—
Japan Fd. Bd.*	55.7	58.6		—

Prices on *July 26. **July 27. ***July 28.

Merchant Investors Assurance
125, High Street, Leon House, Croydon. 01-686 9171

Property	154.2	+0.1	—
Property Pens.	161.2	+0.1	—
Equity	60.0	+1.5	—
Equity Pens.	171.6	+4.2	—
Money Market	142.4	+0.7	—
Money Mkt. Pens.	184.0	+0.9	—
Deposit	129.2	+0.1	—
Deposit Pens.	141.0	+0.3	—
Managed	106.9	+1.3	—
Managed Pens.	139.2	+1.7	—
Intl. Equity	108.1	+0.4	—
Intl. Managed	105.6	+0.4	—

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	82.3	86.6		—
Nelex Eq. Accum.	116.9	123.0	+1.0	—
Nelex Money Cap.	62.5	65.8		—
Nelex Mon. Acc.	66.7	70.2		—
Nelex Gth Inc Cap.	50.0	52.6		—
Nelex Gth Inc Acc.	51.5	54.0		—
Nel Mxd. Fd. Cap.	48.0	50.5		—
Nel Mxd. Fd. Acc.	48.3	51.3		—

Next Sub. day August 25.
For New Court Property see under Rothschild Asset Management

FINANCIAL TIMES STOCK INDICES

	July 28	July 27	July 26	July 25	July 24	July 21	A year ago
Government Secs.	70.74	70.79	70.88	71.07	70.99	70.78	67.98
Fixed Interest	72.25	72.21	72.21	72.23	72.05	71.70	68.54
Industrial Ordinary	492.1	488.8	482.0	485.4	483.9	479.2	440.2
Gold Mines	183.4	173.2	170.6	175.4	180.5	175.0	116.5
Ord. Div. Yield	5.41	5.45	5.51	5.47	5.50	5.54	5.49
Earnings, Y'ld % (full)	16.42	16.55	16.75	16.60	16.68	16.81	16.41
P/E Ratio (net)	8.15	8.08	7.99	8.05	8.01	7.94	8.82
Dealings marked	5,517	4,778	5,168	5,450	4,942	4,428	4,855
Equity turnover £m.		76.18	62.98	84.37	82.96	105.54	49.63
Equity bargains total		16,465	16,556	19,557	17,153	17,652	11,275

10 am 492.5. 11 am 492.2. Noon 491.6. 1 pm 491.6.
2 pm 492.6. 3 pm 491.
Latest Index 01-246 8026.

HIGHS AND LOWS

S.E. ACTIVITY

	July 28	July 27
Gilt Edged	168.4	138.9
Industries	190.8	175.3
Speculative	37.8	31.1
Totals	125.6	108.8
Gilt Edged	165.3	160.1
Industries	181.5	173.5
Speculative	42.6	42.7
Totals	117.7	112.7

FT—ACTUARIES INDICES

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Hill Samuel Overseas Fund S.A.
37, Rue Notre-Dame, Luxembourg
| $US19.52 | 20.29 | -0.10 | —

International Pacific Inv. Mngt. Ltd.
PO Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. | $A2.12 | 2.23 | -0.04 | —

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441
Jersey Extral. Tst. | 174.0 | 185.0 | | —
As at June 30. Next sub. day July 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK293.94		2.50
Jardine J'pn. Fd.*	$HK362.70		0.90
Jardine S.E.A.	$US17.22		1.80
Jardine Flem. Int.	$HK20.55		—
Intl. Pac. Secs. (Inc.)	$HK12.97		—
Do. (Accum.)	$HK13.09		—

NAV July 14. *Equivalent $US78.00. Next sub July 31.

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Inv. Fnd. | $10.93 | +0.09 | 0.91
Net asset July 27.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Conv. Bd. July 27	$US9.67		-0.01	—
Engy. Int. July 27	$US18.13		-0.07	—
Gr. St. $Fd. June 30	$US7.08			—
MercEbdFd July 26	$US10.12	10.23		0.2901

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. June 29	$US12.35	12.67		—
CMT Ltd. June 29	£12.77	13.10		—
Metals Tst. July 20	£11.89	12.18		—
TMT July 14	$US10.38	10.57		—
TMT Ltd. July 14	£10.36	10.65		—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd | $US16.08 | +0.09 | —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by φ. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 18th July, 1978 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 129.77
Clive Fixed Interest Income 115.70

CORAL INDEX: Close 489-494

INSURANCE BASE RATES

† Property Growth 10½%
† Vanbrugh Guaranteed 9.2%
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

Interest Due	Stock	Price £	Last xd	Div % Gross	Red. Yield
May 1	Hung. '24 Ass.	55	2.5	4½	5.00
30J 31D	Iceland 6½pc '83-88	65	30.5	—	12.60
10J 10J	Ireland 7½pc '81-83	82¾	12.6	7½	12.32
1M. 1S	Do 9¾pc '91-96	82¾	15.2	9¾	12.76
1J 1D	Japan 4pc '10 Ass.	390	1.6	—	—
30J 31D	Do 6pc '83-88	69	30.6	6	11.05
1A 1O	Peru Ass. 3pc	140	3.4	3	2.16
30J 31D	S.G.I. 6½pc 1980	75p	30.6	6½	8.67
May 1	Turin 9pc 1991	$94½	2.5	9	9.52
15A 15O	Turin 6½pc 1984	DM91	17.4	6½	10.70
1F.M.A.N.	Uruguay 3½pc	97	2.5	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

Interest Due	Stock	Price £	Last xd	Div % Gross	Red. Yield
—	Antofagasta Rly.	24	8.71	—	—
[illegible]	[illegible]	40	30.5	—	—
[illegible]	[illegible]	98	3.7	—	13.10
[illegible]	[illegible]	410	1.6	4½	—
[illegible]	[illegible]	54	2.5	3½	15.48
[illegible]	[illegible]	51	1.3	6	16.00
[illegible]	[illegible]	43	3.4	4	14.65

AMERICANS

Dividends Paid	Stock	£	Last xd	Div. Gross	Cvr	Y'ld Gr's
Apr. Oct.	ASA	20½	8.5	80c	—	2.2
September	AMF 5% Conv. '81	60½	15.5	5%	—	—
Ma.Ju.Se.De.	Amax $1	28⅝	4.5	$1.75	—	3.5
Ja.Ap.Jy.O.	American Express	29¼xd	3.7	$1.40	—	2.7
April	Amer. Medic. Int.	21⅞	17.5	30c	—	0.8
December	Asarco Inc.	12⅛	3.5	40c	—	1.9
Na.Fe.Ma.Au.	Baker Intnl. Corp. $1	24⅞	2.5	64c	—	1.5
Mr.Ju.S.D.	Barnes Grp. $6⅔	16⅞	25.5	90c	—	3.0
D.Mr.Ju.SP.	Bendix Corp $5	30⅛	6.6	$2.28	—	4.3
M.Je.S.D.	Beth. Steel $8	13⅞	4.6	$1.00	—	3.0
Ja.Ap.Jy.O.	Brown's Fer. c16⅔	10¾	15.6	40c	—	2.1

S.E. List Premium 47½% (based on US$1.9225 per £)

Conversion factor 0.6763 (0.6838)

CANADIANS

S.E. List Premium 47½% (based on $2.1753 per £)

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ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
—	[illegible]	9½	[illegible]	—	—	—	20.4
Jan. June	[illegible] 5p	27	[illegible]	3.44	3.1	8.0	6.2
[illegible] Oct.	[illegible]	67	[illegible]	4.06	♦	9.6	♦
[illegible] Sept.	Fisher (A.) 5p	13½	[illegible]	0.65	1.4	7.1	[illegible]
[illegible] Sept.	Fitch Lovell 20p	63	[illegible]	4.11	♦	10.3	♦
[illegible] Apr.	Glass Glover 5p	25xd	[illegible]	[illegible]	2.9	7.4	6.9
[illegible] Aug.	Goldrei Foucard	51xd	[illegible]	d2.73	♦	8.0	♦
Jan. June	Hazlewood's F. 20p	77½	25.11	[illegible]	—	6.8	14.4
[illegible] July	Highgate & J. 10p	46	[illegible]	2.54	♦	8.3	♦
[illegible] Sept.	Hillards 10p	214	[illegible]	4.94	♦	3.5	♦
[illegible] July	Hintons (A.) 10p	69	[illegible]	2.91	5.3	4.9	5.9
Mr.Je.S.D.	Kraft $2.50	£36	[illegible]	[illegible]	2.3	3.6	12.0
July Dec.	Kwik Save 10p	83	15.5	[illegible]	2.5	4.7	12.8
Dec. Aug.	Lennons Gp. 10p	35	10.7	d1.70	♦	7.2	♦
[illegible]	[illegible]	153	[illegible]	19.53	2.2	9.3	[illegible]
Jan. Oct.	[illegible]	100	[illegible]	3.75	5.0	5.6	5.4
December	Lockwoods	36	[illegible]	—	—	—	—
—	Lovell (G.F.)	105	[illegible]	5.58	2.4	7.7	6.2

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CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov. May	Falcon Rh.50c.	170	3.4	Q50c	1.3	25.1
May	Rhod'n Corp 16½p.	16	17.4	0.57	7.1	5.3
—	Roan Cons. K4	67	1274	—	—	—
Dec. July	Tanganyika 50p	165	12.6	Q10.0	1.2	6.1
Jan. July	Do. Pref. 80p	87	12.6	Q9%	26.3	8.3
Nov. May	Wankie Col. Rh.1	36	17.4	†Q7½c	1.4	17.8
—	Zam.Cpr.SBD0.24.	13½	1174	—	—	—

AUSTRALIAN

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Acmex 25c	34	—	—	—	—
Nov. Apr	Bougainville 50 Toea	128	24.3	Q8c	1.4	3.9
—	BH South 50c	111	974	—	—	—
—	Central Pacific	600	—	—	—	—
Oct. May	Conzinc Riotinto 50c	256	14.3	Q10c	2.2	2.4
—	G.M. Kalgoorlie $1	62	6.67	—	—	—
—	Hampton Gold N.L.	54	—	—	—	—
September	Hampton Areas 5p	134	20.7	t3.55	2.0	4.0
—	Metals Ex. 50c	29	—	—	—	—
Dec. Apr.	M.I.M. Hldgs. 50c	201	13.2	Q9c	1.7	2.8
—	Mount Lyell 25c	29	—	—	—	—
—	Newmetal 10c	4	—	—	—	—
June Nov	North B. Hill 50c	123	15.5	Q8c	1.5	4.0
—	Nth. Kalgurli	13½	—	—	—	—
—	Nth. West Mining	44	—	—	—	—
June Nov.	Oakbridge $A1	169	7.4	†Q11c	1.9	4.1
—	Pacific Copper	50	—	—	—	—
—	Pancont'l 25c	£14¼	—	—	—	—
—	Paringa M&Ex.5p	31	—	—	—	—
Apr. Oct.	Peko-Wallsend 50c.	534	19.9	Q15c	4.0	1.7
—	Southern Pacific	245	—	—	—	—
Oct. May	Westn. Mining 50c	142	3.4	‡Q6c	1.4	‡
—	Whim Creek 20c	50	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov. Apr.	Amal. Nigeria	24	13.3	2.55	1.6	15.9
Apr. Oct.	Ayer Hitam $M1	355	13.3	‡Q67c	0.9	‡
Apr. Oct.	Beralt Tin	52	8.5	3.81	4.4	11.5
Jan. July	Berjuntai $M1	272xd	24.7	Q110c	φ	9.7
Feb. Oct.	Geevor	130	16.1	5.07	φ	6.0
—	Gold & Base 12½p	9½	1074	—	—	—
June Dec.	Gopeng Cons.	290	17.4	15.23	0.9	7.9
—	Hongkong	160	11.67	—	—	—
May Nov.	Idris 10p	85xd	24.7	‡12.0	1.6	‡
—	Jantar 12½p	9	4.67	—	—	—
—	Kamunting $M0.50	74	—	Z9155c	0.7	4.5
Jan. July	Killinghall	470	20.7	Q125	φ	26.7
April	Malay Dredging $M1	395	13.3	†Q95c	0.8	5.2
—	ΔPahang	68	9.75	‡Q3.75c	0.5	‡
Mar. Sept.	Pengkalen 10p	58	12.6	6.60	1.3	17.0
June. Jan.	Petaling $M1	230	12.6	†Q80c	1.6	8.0
Mar. Oct.	Saint Piran	56	3.1	g2.02	4.6	5.4
February	South Crofty 10p	51	10.7	4.19	2.0	12.3
Jan. July	South Kinta $M0.50	205	3.1	tQ77.8c	1.4	8.2
June Jan.	Sthn Malayan $M1	305	3.4	‡Q131.3c	1.1	9.2
—	Sungei Besi $M1	205	26.6	Q65c	φ	6.8
—	Supreme Corp $M1	78	974	ZQ10c	—	2.8
May Nov.	Tanjong 15p	88xd	24.7	6.60	0.8	11.2
Sept. Mar.	Tongkah Hrbr. $M1	92	12.12	‡Q56.8%	1.6	‡
Apr. Oct.	Tronoh $M1	220	13.3	ZQ88c	1.6	8.6

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
June Dec.	Messina R0.50	85	12.12	‡Q30c	1.9	‡

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Barymin	52	—	—	—	—
—	Burma Mines 17½p.	14	575	—	—	—
Aug. Feb.	Cons. Murch. 10c	225	3.1	‡Q30c	2.6	‡
November	Northgate C$1	395	30.9	—	—	—
Jan. June	R.T.Z.	227	2.5	9.64	2.8	6.3
—	Sabina Inds. C$1	54	—	—	—	—
—	Tara Exptn. $1	875	—	—	—	—
Nov. July	Tehidy Minerals 10p	45	2.5	1.35	φ	4.5
October	Yukon Cons. C$1	173	15.9	Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1976. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 21

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	24	......
Ash Spinning	44	......
Bertam	21	......
Bdg'wtr Est. 50p	295	−5
Clover Croft	26	......
Craig & Rose £1	480	......
Dyson (R. A.) A	38	......
Ellis & McHdy	61	......
Evered	16½	......
Fife Forge	50	......
Finlay Pkg. 5p	23	−½
Graig Ship £1	115	−5
Higsons Brew	77	......
I.O.M. Stm. £1	155	......
Holt (Jos.) 25p	263	......
N'thn. Goldsmith	56	......
Pearce (C. H.)	162	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	58xd	......
Sindall (Wm.)	105	......

IRISH

Conv. 9% '80/82.	£92½	−⅛
Alliance Gas	66	......
Arnott	350	......
Carroll (P.J.)	105	+2
Clondalkin	107	+2
Concrete Prods.	145	+5
Heiton (Hldgs.)	50	+4
Ins. Corp.	160	......
Irish Ropes	135	+5
Jacob	67	......
Sunbeam	31	......
T.M.G.	195	+5
Unidare	95	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks & Spncr	10
Midland Bank	25
N.E.I.	12
Nat West Bank	22
Do Warrants	10
P & O Dfd	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intreuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼

Oils

Brit Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16